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THE WILD
ONES IN
DANGER



INSIDE THE TABLOID
NETWORK+
THE NEXT TYCOON



IN THE TABLOID
OPRAH FALLS
FOUL OF
MAD COWS

French go cold on the euro

Sarah Helm
Luxembourg

Europe's projected single currency, which has already torn apart the Conservative Party and riven Germany, faced a fresh threat yesterday - France's new Socialist government.

At a meeting of EU finance ministers in Luxembourg, France refused to sign up to a pact which sets out economic rules for running the euro zone. The new French demands immediately fractured the increasingly fragile veneer of consensus between France and Germany about how the eurozone should be governed, how "soft" or "hard" the new currency will be, and inevitably raised new questions about the timetable for monetary union - set to be launched in 1999.

The French move will cast a pall over next week's Amsterdam summit, when signature of the so-called "stability pact" for economic and monetary union

sisting that there was no call for "drama" or market panic. He also said France accepted the principle of budgetary discipline.

But the French government also wants to adjust the pact to allow the creation of a form of political "economic government" to act as a counter-weight to the monetary discipline to be imposed by the future European central bank.

Theo Waigel, the German finance minister, made clear he would oppose any move which could threaten the independence of the European central bank. Germany, which initiated the stability pact to ensure fiscal discipline, was also swift to signal yesterday that it would oppose any renegotiation of the rules, which might encourage a "soft euro".

But Germany's own governing coalition was showing signs of drifting towards the rocks amid rumours that Chancellor Helmut Kohl had threatened to resign four times last week, during the bitter argument still raging in Germany about the means by which the country can meet the Maastricht criteria for monetary union. The government failed in its attempt to revalue its gold reserves, and all its attempts to raise taxes are being thwarted.

The French announcement could not have come at a worse time for the European Union, which is already struggling to maintain a united front ahead of the Amsterdam summit.

Officials from the Netherlands, which holds the EU presidency, were last night working hard to cover up the cracks, by producing a deal which they hoped might satisfy the French ahead of the summit. There were strong hopes that Paris's stance might prove to be temporary posturing, in the light of the need to promote employment made during the French election campaign. Senior EU officials said that if a satisfactory "form of words" could be found to accommodate French concerns, EMU could be swiftly back on track.

However, there were signs that the markets were already viewing the crisis as serious, undermining political damage-limitation. Furthermore, even if an accord can be stitched together in the short term, fundamental differences in philosophy about how the single currency should operate are now out in the open.

Euro fault-line, page 13



Lionel Jospin: Wants more emphasis on jobs and growth

(EMU) was to have been hailed by heads of government as a key achievement. Under the pact, countries which failed to keep within strict financial guidelines would incur heavy penalties.

France called for a rewriting of the pact, with more emphasis on jobs and growth, rather than focusing exclusively on tight fiscal discipline.

Gordon Brown, the Chancellor, presented a British employment initiative to the Luxembourg meeting of European finance ministers, which appeared to support the French aims. He argued that jobs should be given priority "at a European and national level".

Dominique Strauss Kahn, the new French finance minister, reassured partners that Lionel Jospin, the new French Prime Minister, is committed to the EMU launch on time, in-

The night of the long glasses



Clarke and Hague neck and neck for first ballot

Anthony Bevis
Political Editor

Kenneth Clarke and William Hague were last night running neck and neck for today's first round of the Conservative leadership contest, with declared supporters putting them well ahead of the rest of the field.

But with three dozen of the 164 Conservative MPs remaining uncommitted, the race was still wide open and frantic last-minute efforts were being made to woo and seduce the hard-to-get waverers last night.

For an outright win in today's ballot, a candidate requires at least 85 votes - a majority of those entitled to vote - and a majority of at least 25 votes over the runner up, a lead of 15 per cent of those entitled to vote.

No one is expected to get over those hurdles, in which case a second ballot will be held next Tuesday in a race that will be open to new contenders - and the possible withdrawal of any candidate who does particularly badly when first-round results are declared before 6pm tonight.

The uncertainties of the contest are aggravated by the possibility that Mr Clarke, the former Chancellor, could top today's poll - and still not have enough steam to

get him the required 83-vote minimum to win the second ballot.

He needs more than 50 votes today to remain a credible contender for next week.

The right-wing were jostling for a contender who could pick up the Thatcherite banner - with Michael Howard, Peter Lilley and John Redwood all in contention. Whoever gets most votes from the right could still give Mr Clarke - or Mr Hague - a close run for the final ballot on 19 June.

But last week's confident assertion of Mr Howard's supporters, that he was running second to Mr Clarke, were badly dented by the fact that as many as half a dozen claimed votes have since defected.

A supporter of one of Mr Howard's right-wing opponents said it would not be the first time the Howard camp had been caught "fibbing".

Last week, they issued a press release, saying the former Home Secretary was "in clear second place". Yesterday, Mr Howard said: "I confidently expect to finish in the first three."

One of John Redwood's supporters said it was "too close to call" between his man and Mr Howard. But Mr Redwood's campaign manager, Iain Duncan Smith, appeared to over-egg his candidate's chances when he said that in addition to the 17 declared supporters, there were another 30 votes privately poised to back him.

Claimed declarations from the different camps put Mr Clarke and Mr Hague on 33 votes each, Mr Howard on 25, Mr Lilley on 22 and Mr Redwood on 17. That left 35 undeclared.

Of those who had been "claimed" by the Howard camp, Alan Clark is undeclared, Eleanor Laing and David Tredinnick have declared for Mr Hague; Nick Winterton and Sir Teddy Taylor are for Mr Redwood; and Philip Hammond is for Mr Lilley.

The political jockeying for the votes of the right included a statement from Mr Redwood that he would never support a European single currency, while Mr Hague said: "I would never be part of a government that joined a single currency."

Colin Brown
Chief Political Correspondent

The passion fruit canapés were soggy at John Redwood's party, said one MP dismissively last night, as he prepared to move on to the rival champagne reception for Peter Lilley.

The Pimms was also watered down, according to some outraged Conservatives who went to the Redwood party in Dining Room A at the House of Commons.

Perhaps that was just as well. It was going to be a long night after all.

The floating voters had five parties in succession, to sample the drinks and nibbles - and to taste the opinions of each of the candidates standing in today's election for a new Conservative leader - and they needed a clear head to sort their way through the field.

After cream tea with John Redwood and his wife, Gail, MPs sauntered across Parliament Square to the St Stephen's Constitutional club for Mr Lilley's party, where they were welcomed with glasses of the house champagne, laid on at £22.50 a bottle, with smoked salmon nibbles and the chance to hear from the former secretary of state for social security about his views on the European single currency.

"My opinion is for rent and my vote is for sale," joked Peter Bottomley, whose wife, Virginia, was already inside the Lilley campaign party. Elizabeth Buchanan, Lady Thatcher's personal assistant, caused a stir when she arrived carrying a black briefcase, with Lilley supporters wondering whether she had brought a message from the former prime minister.

Lady Thatcher's former political adviser, Tory MP John Whittingdale, another Lilley supporter, said: "It's like in the general election campaign, on the eve of poll when you have done all the hard work and you relax with a drink with friends."

"I think most people have made up their minds, and Conservative MPs are not going to be swayed by a glass of champagne."

Those touring the parties included Michael Fabricant. One Lilley supporter said to him:

"What are you doing here - you're in the rival camp."

But like many Tory MPs, Mr Fabricant denied he had made up his mind. "I am undecided and I might vote for someone different in the second round. I am sipping the orange juice as I have three more parties to go to."

William Hague, the young pretender, held his party in the traditional Tory stronghold of the Carlton Club in Pall Mall. Nick St Aubyn, the new MP for Guildford, was also touring the parties and as he stepped into the Carlton for champagne and canapés in the coffee room with Mr Hague, one of Mr Hague's supporters said: "He is not undecided - he has been in the Lilley camp all along."

Michael Howard was holding court with a champagne party at the Westminster home of Jonathan Aitken, the former minister, while Kenneth Clarke, keeping up his blockish image, was entertaining any Tory MP

My opinion is for rent and my vote is for sale

who wished to turn up at the Royal Institute of Engineers, where the former Chancellor had ordered his supporters not to be too lavish with the drinks, although they were allowed to serve the guests red and white table wine.

But the missing ingredient from this unique Tory party night was the spice that would have been provided by Michael Portillo, who lost his Enfield Southgate seat at the election.

That did not stop someone reminding MPs what they were missing by hiring three actors, dressed as Mexicans, in sombreros and flared trousers, to picket the Lilley party with a placard declaring: "Portillo 4 el Presidente."

Tory MPs may have looked bemused, but if they had been given the chance, el Presidente Portillo would have had a walkover today, and his supporters would no doubt be celebrating with tequila.

Ministers ponder French style A-levels

Judith Judd
Education Editor

New A-level exams will be delayed for a year while ministers consider plans for broadening the sixth-form curriculum, which could include a version of the continental-style "baccalaureate".

The postponement, which is expected to be announced tomorrow, has been prompted by fears that the revised A-levels will fail to ensure that sixth formers take a wide range of subjects. One idea under discussion

is a version of the French baccalaureate which would require pupils to take a variety of science and arts subjects as a basis for university entry. At present, entry is usually through three A-levels.

David Blunkett, the Secretary of State for Education, is particularly keen that, under the new system, vocational qualifications should have the same status as A-levels.

Changes in A-levels, including a new exam after one year's study, were due to be introduced for pupils entering the

sixth form in September 1998.

They were recommended by Sir Ron Dearing who reviewed all qualifications for 16-19-year-olds for the last government.

He proposed that the sixth-form curriculum should be broadened by encouraging students to take five "A-S" exams, equivalent to the first year of a traditional A-level course, before deciding which two or three subjects they wished to pursue to A-level.

Sixth-formers would be able to qualify for a new advanced diploma by taking a range of

subjects, including a mixture of arts and sciences and, possibly, academic and vocational qualifications. The new diploma would not be compulsory and ministers worry that universities would ignore it.

There is a debate within the Government about how radical the changes should be. Downing Street is thought to be anxious to avoid the accusation that it is watering down A-levels.

Government sources last night played down the delay. "There is no going to be a radical overhaul. We want to look

at how we ensure that those doing A-level are doing something a bit broader. We are not looking at grandiose schemes for a British bac."

The new framework is still expected to include important elements of Sir Ron's work. Under his proposals, exam boards had to rewrite syllabuses which were delivered to the Government's exam advisers for vetting only last week. Both schools and academics have protested at the haste in which the syllabuses have had to be prepared. The first new A-S levels were sched-

uled for 1999 and the A-level a year later.

John Dunford, past president of the Secondary Heads Association, said headteachers would welcome the postponement. "There was no way we could have introduced this in time for 1998."

"We would be sorry to lose the new one-year A-S exam but it is a price we would be prepared to pay for a longer more radical review which would bring academic and vocational qualifications together in a single structure."

Play rescued
A never performed play by the American playwright Tennessee Williams has been rescued by the actress Vanessa Redgrave and will premier in London.
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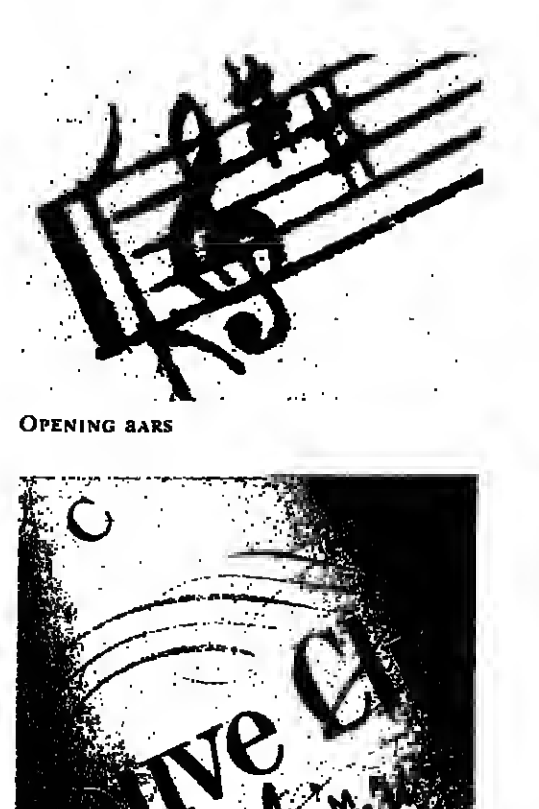
Dayak's ritual magic
Of all the strange and terrible things that have taken place in Borneo this year, the strangest and most disturbing element of all is the part played by ritual magic.
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2ND CHERHILL TEST MATCH V AUSTRALIA, Llando	19-25 June
WIMBLEDON TENNIS CHAMPIONSHIP	23 June-6 July
TRIAL, VEUE CLICQUOT GOLF CUP, COMPTON PARK	29 June-30 July
HENLEY ROYAL REGATTA	2-6 July
HAMPTON COURT PALACE INTERNATIONAL FLOWER SHOW	9-13 July
HENLEY FESTIVAL OF MUSIC AND THE ARTS	9-13 July
BRITISH GRAND PRIX, SILVERSTONE	13 July
CURVE WALS	2-8 August

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significant shorts

Dobson orders inquiry into breast-screening service

An inquiry into a local breast-screening service was ordered by Frank Dobson, the Secretary of State for Health, yesterday, following delays in the diagnosis of 12 women who developed breast cancer.

Answering an emergency Commons question, an irate Mr Dobson said he was "not satisfied" with the performance of the East Devon Breast Screening Service which announced last week that it was rechecking the reports of 1,900 women. He is understood to have been angered by the time it took to identify the problem after concerns were first raised by medical staff. The two NHS trusts that run the service, the Royal Devon and Exeter and the South Devon, were also unable to confirm how many women were involved in the rechecking exercise.

More than 2,000 women have called helplines set up after the announcement last Thursday that problems with the breast-screening service had led to the delayed diagnosis of 12 women, two of whom had died. The problem arose over the interpretation of tiny deposits of calcium in the breast, which can be a warning sign of cancer. The two consultant radiologists who ran the service, Dr John Brennan and Dr Graham Urquhart, have agreed to undergo retraining. A total of 4,000 records are to be rechecked.

Jeremy Laurance

Jailed 12-year-old set for release

The 12-year-old girl being kept in a Victorian jail on the Isle of Man may be released into a children's home within the next few days, it was revealed last night.

Civil liberties campaigners were outraged after *The Independent* disclosed that the girl had been jailed on remand, on charges of assaulting social workers and criminal damage, and a judge will today be asked to order her release into a home. Manx social services are working with the girl's solicitor to put together a package of measures that would allow her release. The island's director of social services, David Cooke, said: "We would actually prefer no child was locked up unless it was absolutely essential." Under the island's laws children as young as 10 can be jailed.

Jason Bennetto

Bridgewater man on bail over theft



Michael Hickey, a member of the Bridgewater Four, was released on bail yesterday after appearing at Birmingham magistrates' court charged with stealing a gold ring and possessing a machete.

Friends and supporters of Mr Hickey (left), who was freed in London in February after serving 18 years for the murder of newspaper boy Carl Bridgewater, cheered and punched the air in a packed public gallery as bail was granted. Mr Hickey is charged with the theft of a £750 18ct-gold diamond solitaire ring from a Birmingham jeweller on 7 June. He is also accused of possessing a ten-and-a-half inch machete, allegedly found in the boot of a car on the same day. Mr Hickey said: "It's a publicity stunt, making us look wrong and them look right, that we killed that paper boy, that's what they are still trying to say." The formal appeal hearing of the surviving three men of the original Bridgewater Four was adjourned on 23 May for a reserved judgment which is expected to be given next month.

BA bans staff pagers and mobiles

British Airways has banned staff from carrying mobile phones and pagers at airports because of a link between the devices and crime. The ban applies to staff who work in the cordoned-off airside area at airports and follows a spate of thefts. "There is irrefutable evidence that mobiles and pagers have been used to aid the theft of goods in airport areas," a BA spokesman said yesterday. He added that the airline had suffered theft of luggage, cargo and duty free items involving hundreds of thousands of pounds. Last year a number of workers were arrested after security staff reported thefts.

Stamp of approval for plane design

Five of Britain's most famous aircraft designers were yesterday commemorated when Royal Mail officials unveiled a new set of stamps at the Imperial War Museum's aviation section at the former RAF base at Duxford, Cambridgeshire, where the first Spitfire squadron was formed in 1938. The "Architects of the Air" stamps, which go on sale today, chart major aircraft developments since the Thirties. They feature Roy Chadwick, designer of the Lancaster (26p stamp); Reginald Mitchell, Spitfire (20p); Roland Bishop, Mosquito (37p); George Carter, Gloster Meteor (43p) and Sir Sydney Camm, designer of the Hawker Hunter (63p).

Pregnant protester comes up for air

A pregnant woman who was among the last protesters remaining in a tunnel at the planned Manchester Airport runway site came out voluntarily yesterday after feeling unwell.

The woman, a trained nurse called Denise, had spent 10 days down the "Cake Hole" with three male companions but yesterday was worried that dehydration could harm her and her unborn child. A Cheshire Police spokesman said that Denise had been taken to Wythenshawe Hospital in Manchester "as a precaution" and it was expected that she would later be arrested and taken to Wilmshurst police station. It is thought that bailiffs could take several days to remove protesters Matt, Muppet Dave and Neville, who are holding out behind up to 11 locked steel doors in the 50ft deep, 100ft long tunnel.

Michael Streeter

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people



Angry: Mr and Mrs Cassidy at the hearing, where they called for clearer guidelines (Photograph: PA)

Our baby's fate should be our decision, parents tell inquiry

The mother of a baby girl who was left to die after being born prematurely called yesterday for parents to be given the right to decide whether doctors should try to save their children.

Giving evidence at a fatal accident inquiry into the death of her daughter, Rebecca, Kirsten-Anne Cassidy, 23, said that even if the child had little chance of surviving, resuscitation should still be carried out.

Mrs Cassidy gave birth at Ayrshire Central Hospital last September, following a 25-week pregnancy, but her 1lb 4oz baby died up to an hour later after paediatrician Faisal al-Zidgali deemed her to be "non-viable", with no prospect of survival.

However, according to Mrs Cassidy her daughter, although small, was breathing normally and was "perfectly formed".

Mrs Cassidy, of Benbain Place, Irvine, Ayrshire, repeatedly told the inquiry at Kilmarnock Sheriff Court, that she and her husband John, 35, should have been given the ultimate decision whether Rebecca had the potential to live. "If they show the slightest sign of life, surely that is enough for them to be given a chance," she said. "The parents' opinion should be definitely making a difference as to what the decision is."

Mrs Cassidy, who spent almost four hours in the witness box, told the inquiry that it took doctors up to five minutes to visit her after she had given birth to Rebecca.

She claimed that when Dr al-Zidgali did arrive after her husband had already telephoned relatives to tell them the baby was alive. She said he walked up to the ventilator table on which the baby had been placed and said the child was too small to survive.

Mrs Cassidy said that before she went into labour the doctors and midwives had not indicated what they intended to do after the birth, advocating instead a "wait and see" attitude.

She told her lawyer, John Macdonald, she had assumed that if the baby was born alive they would do everything they could to sustain life.

Asked by Mr Macdonald if she knew of any guidelines covering such a case, Mrs Cassidy said that she knew of two separate guidelines.

The first, issued throughout Britain, was that babies born weighing more than 500 grammes should be put into intensive care - Rebecca had been 570 grammes. The second was that doctors should do what the parents requested.

Pillar of Left defects from CND to Saatchi

A doyenne of the Left who was chairwoman of the Campaign for Nuclear Disarmament, as well as a leading light at the Commission for Racial Equality, has moved to a senior job with the advertising agency that helped the Conservative Party win four general elections.

Marjorie Thompson, whose impeccably liberal-left curriculum vitae includes stints advising Aids and cancer charities, as well as 10 years with CND, is joining Saatchi & Saatchi to head up what it calls the UK's first "cause-related marketing" division.

As head of the CRE's marketing and PR effort for the last four years, Ms Thompson was herself a Saatchi & Saatchi client before taking the new job. She worked for CND from its height in 1983, when it was targeted as an "enemy within" by the Thatcher government.

As well as working in marketing and PR for the CRE and CND, American-born Ms Thompson has worked as a parliamentary lobbyist for the Royal College of Nursing. Saatchi & Saatchi is her first private-sector employer.

"The people who did the Conservatives' advertising have left," said Ms Thompson yesterday. "Still, if Saatchi & Saatchi had ever



offered to work for CND to convince people of the need for nuclear disarmament we would have signed up with them.

"Instead the Labour Party never explained its policies convincingly and nuclear disarmament was used as a convenient scapegoat for electoral defeat."

Ms Thompson's brief is to bring together private companies, who want to use good causes as an aspect of their marketing and advertising effort, and charities looking for promotional funding. Saatchi & Saatchi wants to be the agency that creates their joint campaigns.

Ms Thompson's appointment was announced at a Media Trust conference addressed by Peter Mandelson, the Minister Without Portfolio.

Paul McCann

Daniels threatens disappearing act

The magician Paul Daniels came a step closer to performing his threatened disappearing act yesterday, now that the country has a Labour government.

Mr Daniels, 58, said before the election that he was considering leaving Britain, citing possible rises in income tax levels under Labour. He was in artistic company with Lord Lloyd Webber, who also stated he was ready to flee the UK.

Yesterday Mr Daniels fuelled speculation that he might leave by saying he was selling his house.

"I have to say I am a bit worried and a bit sad, and I am not looking forward to the next Budget," he said. "I'm selling my house now and I might well leave, you never know. I would hope to get work wherever I was."

He added: "Last time Labour were in power they did some terrible things."

The magician is taking a break from television work and is starring in his first West End straight role in Mollere's *The School for Wives*, which opened last night at The Comedy Theatre.

But Daniels insisted that his days as a magician are not over. "As a magician I am also an actor, so performing on stage in any form is all part of the same job to me," he said.

Matthew Brace

briefing

SOCIETY

Women are better with cash, but have less of it

Women are better than men at managing money, but face too many obstacles in using money to improve their own and their families' prospects.

The charity Actionaid found that more than three-quarters of women questioned said they were very good at managing money, compared with 64 per cent of men. Both sexes agreed that women were better than men at managing money.

But of 1.3m people living in extreme poverty, 70 per cent were women. The Low Pay Unit said women had taken the brunt of a rising income inequality and that the 10 worst-paid jobs in the country were done by women.

Globally, the United Nations Development Programme estimates that women's unpaid and underpaid work is undervalued to the order of \$1 trillion a year. If women's work was properly valued they would emerge as the major breadwinners.

"Women can and do make a significant impact in reducing extreme poverty," said Marion Jackson, Actionaid's director of marketing. "When they control the purse strings the whole family benefits, particularly children. But the world now has to support women."

A briefing, *Banking on Women*, is available from Actionaid. Tel: 0171 281 4101. Glenda Cooper

HEALTH

400 per cent rise in food poisoning

Cases of food poisoning have rocketed by more than 400 per cent in the past decade, the Government said yesterday. Last year 84,348 people in England and Wales, and a further 4,940 in Scotland, were hit by food poisoning. Twenty people died in the Scottish E. coli outbreak.

And drinkers dipping into bowls of nibbles on pub counters could be picking up more than peanuts, the food safety minister, Jeff Rooker, warned.

At the launch of National Food Safety Week, organised by the Food and Drink Federation, Mr Rooker said bowls of crisps, peanuts and mints in bars and restaurants were all potential health hazards from which consumers could pick up bugs.

He added: "You don't know where the sticky fingers that have been in the bowl before you have been."

In a poll conducted for the FDF last year, 6 per cent of adults claimed to have felt unwell after eating. The survey also found that 35 per cent of adults and 53 per cent of children admitted not washing their hands before touching food.



TRAVEL

Air passengers double in a decade

Airports operator BAA handled 98 million passengers in the 12 months ending at the end of March 1997 - almost double the number which passed through its airports 10 years ago.

In a breakdown of airport usage to coincide with the firm's annual results, the company said that of its airports, Heathrow had the most experienced fliers, with more than 17.8 per cent of those departing last year having flown seven or more times before. More than 47 per cent of those flying to or from Gatwick were on their first flight.

Southampton airport was said to be the most male-orientated, with only 36.6 per cent of passengers last year being women. Stansted airport had the youngest fliers, with more than 22 per cent under the age of 25.

As many as 45 per cent of Heathrow passengers were non-UK residents. Business, page 20

ROADS

Drivers should face urban tolls

More than two in five people believe motorists should have to pay to drive in busy urban areas, a survey claimed yesterday.

More than half of those questioned by the NOP research group felt that pollution from traffic affected their health. But more than a quarter said they were not really bothered by traffic pollution.

The survey also showed that Nine in 10 thought pollution from traffic fumes had worsened in recent years, and that 23 per cent believed that car tax and petrol prices should go up to discourage car usage.

Meanwhile, one third said the Government should keep on building as many new roads as is necessary to meet demand and 35 per cent of men and 31 per cent of women did not see why drivers should cut back on car usage.

"There may be no simple solution to the problem of traffic pollution, but most people now appear to accept that an overall reduction in car usage in Britain - particularly in urban areas - will improve their quality of life in the long term," said NOP.

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Court told of Kray, the lovely, lovely man



Witness: 'Mad' Frankie Fraser at Woolwich Crown Court

James Mellor

A strange choice of character witness he may be, but the 73-year-old former gangster "Mad" Frankie Fraser, notorious for his brutality in London's East End during the 1960s, yesterday appeared before Woolwich Crown Court to vouch for the character of old-time gangland opponent, Charlie Kray.

Mr Fraser, who has spent a total of 42 years behind bars, quipped: "It's the first time I have ever walked out of a court free," as he was discharged. "This aside, typified much of the proceedings where the worlds of show business, glamour modelling and crime rubbed shoulders.

Mr Fraser, dressed smartly in a black and white checkered jacket and tie, told the court of Kray: "He is a coward, but a lovely, lovely man. You couldn't trust him to steal a penny. He would run a mile."

The diminutive Mr Fraser, who recently launched a guided tour service of the Kray's former East End empire, added: "He could not say boo to a goose. Everybody knew that he was different from his brothers."

Looking firstly at the defence counsel, Jonathan Goldberg QC, and then at Judge Michael Carroll, he continued: "My heart really bleeds to see him in the dock. He is as innocent as you are and you are my Lord."

Later under cross-examination, he told counsel for the prosecution Kelsey-Fry QC: "You are probably more into drugs than he is," a comment which earned a gentle rebuke from Judge Carroll.

During Mr Fraser's evidence, Mr Kray, a former navy boxer, sat hands clasped and head bowed at the back of the court. Wearing a navy blue suit, blue shirt and dark tie, Mr Kray smiled as his old adversary took his seat.

Another witness, William Murray, who plays tough-talking Detective Sergeant Don Beech in the television series *The Bill*, described how Mr Kray helped him to launch his acting career after the two met in an East End boxing club.

"I was promised a grant to go to acting school but not until the end of the first year," said Mr Murray, 54. "I mentioned this to Charlie and he told me that they would pay for my first year... There was many a time when he would stick a fiver in my top pocket."

A former beauty queen and winner of the inaugural Miss UK contest in 1958, Eileen Sheridan-Price, described the Kray family and their attitude towards drugs.

"It was a much nicer, safer place when they [the Krays] were around... We could do with a few more of the Krays around today."

Mrs Sheridan-Price, wearing a brown suit, pearl necklace and dark sunglasses, described

how Mr Kray had once described drug dealers as "the scum of the earth".

Later she blew kisses to Mr Kray as he sat at the back of the court, to which he responded with a broad smile.

Earlier the court had heard testimony from a barmaid from Birmingham, Michelle Hamdouchi, who described a brief affair she had with one of the undercover officers investigating the cocaine ring of which Mr Kray is said to have been a part.

Ms Hamdouchi had met the officer, known only as "Brian", at Mr Kray's birthday in July last year. She explained that the two had returned to her home and had sex.

The following morning, she said, he had given her children

£40 before she drove him to a meeting with Mr Kray.

Later she described an evening in a hotel at Waltham Abbey, Essex, where she, Brian, another officer known as Jack and Victoria Adams, one of the Spice Girls, had drunk throughout most of the night.

She explained how the officer told her that the deal with Mr Kray had fallen through but an alternative purchase of cocaine had been arranged. Earlier in the case Brian, speaking from behind a screen to ensure his anonymity, had denied the affair with.

Mr Kray, 70, of Sanderstead, south London, denies two charges of offering to supply cocaine and of supplying 2kg. The trial continues.

Never mind saving the elephant ... what about the white rhino, the brown bear and African mahogany tree?



Under threat: The mahogany tree (far left), brown bears (left) and the white rhino
Photograph: Planet Earth

Nicholas Schoon

South Africa has done a better job than any other country at enabling its rhinos to survive. Now it wants to start a trade in dead ones. A controversial proposal will be considered by the CITES treaty meeting, the UN convention which regulates the trade in endangered species, which opened in Harare, Zimbabwe, yesterday.

Other species under discussion at the meeting include the big leaf mahogany from the Amazon rainforest, grey and minke whales and brown bears from Europe and Russia.

In the 1920s there were only about 50 white rhinoceroses, one of two African species left in South Africa, as a result of persecution by big game hunters and poachers. Today there are some 7,000.

But the Natal national parks now have a stockpile which, like elephant tusks, cannot be legally traded because this is banned by the CITES treaty. There is, however, still a market for smuggled rhino horn which prices it at roughly \$1,000 a kilogram. The South Africans say spending that kind of money on wildlife conservation could bring huge gains at a time when government budgets are under strain.

The debate over the horn is similar to that over the move by Namibia, Zimbabwe and Botswana to be allowed to trade their elephant ivory stockpiles with Japan.

Both proposals seem unlikely to get the two-thirds majority vote needed among the 140 CITES nations to get the go-ahead. But they, or similar requests, are bound to feature at future treaty meetings.

There is now widespread agreement between conservation groups and governments that wildlife has to be managed to be conserved. And that management must involve exploiting it in a way that benefits local communities, giving them an incentive to look after it. But there is passionate argument about whether that exploitation should consist only of encouraging overseas visitors to look at the wildlife, or include big game hunting and selling animal products abroad.

Since 1977, all five rhino species, the black and the white rhinos from Africa, and three from Asia, had been fully protected from any international trade under CITES. But an illegal trade continued and rhino numbers continued to fall until a few years ago, with the exception of the white.

At the last CITES meeting two years ago South Africa won an exemption to export

live white rhinos for conservation purposes and to export hunting trophies from those big game hunters who legally shot it (having paid large sums for the privilege).

Now it wants to go further, and trade in rhino parts, though it would accept a "zero quota" initially, meaning no trade at all. But the proposal would establish South Africa's right in principle to export rhino products. The country says it has a right to do so, having shown it can conserve the species. Apart from the horns, it is interested in sales of rhino skin, valued in Oriental medicines used against skin ailments.

But conservationists say a resumption of legal trade would risk raising demand for rhino horn and the price, encouraging poachers in parts of Africa and Asia where other rhino species are still endangered. There are only about 70 Javan rhinos left.

"We'd have countries going back into business importing rhino products," said Dr Esmond Bradley-Martin, WWF's leading rhino consultant. Until a few years ago, Taiwan was the world's leading rhino horn importer. But an investigation by the wildlife trade investigating body TRAFFIC earlier this year showed that Yemen, next to Saudi Arabia, was now the leading importer taking about 50kg a year.

'Lost' play by Tennessee Williams discovered by Vanessa Redgrave

David Lister
Arts News Editor

A never-performed play by the great American playwright Tennessee Williams has been rescued by the actress Vanessa Redgrave. It will be given its world premiere at the National Theatre in London next spring.

The play, *Not About Nightingales*, was written in the Thirties when Williams, who died in 1983, was in his twenties. It would have been one of the earliest plays he wrote. Set in a men's prison, it partly concerns homosexual relationships. That is the probable reason why American publishers and theatre managements were wary of the work.

It has never been staged. Nor does it appear in any collections by the author of *A Streetcar Named Desire*, *Cat on a Hot Tin Roof* and *The Glass Menagerie*.

Vanessa Redgrave came across a reference to the play in a new biography about the

young Tennessee Williams. She became intrigued and went to New York to urge Williams's long-time friend Maria St Juste, who managed his estate, to release the manuscript.

Maria St Juste, who has since died, had never released the play because she felt that if Williams had not released it in his lifetime he must have had his reasons. However, Ms Redgrave and she had been friends for some time and she agreed to release it to her. The annotated typescript was found among the late playwright's papers, and Ms Redgrave secured the rights for its performance.

The one misfortune for her is that the main female part is a 19-year-old secretary, which she is too old to play. The one middle-aged woman in the play appears only for a brief scene. Nevertheless, she was keen to play that role, until Trevor Nunn, the director designate of the National Theatre told her it would be inappropriate for her to take such a small role.

Announcing the discovery yesterday, Nunn said: "It is pretty extraordinary for someone to be talking about the world premiere of a new Tennessee Williams play. That should be an impossibility. But it was discovered by Vanessa who was intrepid and resolute and got hold of a copy which was a typescript."

"It's never been done, never been read. It is completely unknown."

"It is a complete play and a very harrowing play. It has elements of the style which you would associate with Tennessee Williams, but is not really like a Tennessee Williams play. It is about a young prisoner who has a poetic sense of himself and what he wants to achieve..."

"It's fantastically bad luck for Vanessa that the only substantial woman's part is of a 19-year-old secretary."

The production will though be a co-production with the company run by Vanessa Redgrave and her brother Corin.



Playwright Tennessee Williams (top), and Vanessa Redgrave



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news

Aitken: My fears of 'set-up' over stay at the Paris Ritz

Kim Sengupta

The former Cabinet minister Jonathan Aitken was accused in the High Court yesterday of conspiring to deceive the Government over who paid the bill during his controversial stay at the Paris Ritz hotel.

He carried out a scam with an Arab businessman, Said Ayas, to concoct an alibi with the intention of misleading the Cabinet Secretary Sir Robin Butler, the court was told.

Mr Aitken is suing *The Guardian* newspaper and Granada TV, makers of the

documentary *World in Action*, over claims that he was in the pocket of powerful Saudi interests, pimped for Arabs and engaged in illegal arms trading.

On the question of who had paid for his two nights at the Paris Ritz while he was defence procurement minister, Mr Aitken maintains his wife Lolita had paid what she believed to be the full amount in cash.

It was later discovered there was a shortfall of £426 which had been paid by mistake by a nephew of Mr Ayas, Abdul Rahman. Mr Aitken repaid this by cheque.

George Carman QC, for the defence, told the court that the whole bill had in fact been paid by Prince Mohamed, a son of the Saudi king, through his treasurer, Abdul Jawad, and not Mr Ayas's nephew. Acceptance of the hospitality by Mr Aitken would have been in direct contravention of the guidelines regarding ministerial conduct.

Mr Carman further alleged that Lolita could not even have paid part of the bill, as Mr Aitken had reported the Cabinet Secretary and the Prime Minister. And when there was a danger of being found out he

orchestrated the alibi with Mr Ayas.

Mr Carman said to Mr Aitken during cross-examination: "Conspiracy number one - you and Mr Ayas, a long-standing close friend, needed to explain the fact that half the bill had not been paid in cash. And indeed you had committed yourself too early in saying that your wife had paid the bill."

"You and Ayas developed a false story that Rahman had overpaid the bill. And the scam is that you wrote out a cheque to Rahman for £426, he cashes it in, your bank in London is

debited, and so you produce a receipt for Sir Robin Butler."

Mr Aitken responded: "I object to alibi. I was trying to set out what had happened as best I could. It was an unfortunate and regrettable muddle. I was making reimbursement, regrettably I made it to the wrong person. I did all this not in scam or conspiracy but in good faith."

Mr Aitken accepted the fact that the whole bill had been picked up by Prince Mohamed, but he did not notice at the time. Mr Carman asked if it was not "astonishing" that Mr Rahman, who had not spent a pen-

ny, should cash Mr Aitken's cheque without telling him.

The former Minister denied it indicated a conspiracy.

Mr Aitken had said his wife preferred to pay bills in cash rather than use credit cards because she was dyslexic. However, Mr Carman told the court that the night before she had settled another hotel bill in Switzerland by using an American Express credit card.

Earlier Mr Aitken had told the court that he believed that he may have been the victim of a set-up over his Paris stay.

The case continues.



Myth maker: The artist Gerald Scarfe with his drawing of Hades, the Greek king of the dead, for the forthcoming Disney film, *Hercules*. Hades, the villain of the film, is on display at the Museum of the Moving Image on London's South Bank along with illustrations of other characters from the film

Photograph: Andrew Buurman

Prisoner 'was left hanging in cell'

Kathy Marks

A prisoner who died in a courthouse cell was left hanging from a light fitting for nearly 10 minutes by Securicor staff who believed that he was faking a suicide attempt, an inquest was told yesterday.

When guards finally checked Peter Austin's condition, he was pronounced in good health and magistrates decided that a planned bail hearing should take place outside his cell, Hammersmith Crown Court in west London was told.

Lawyers began arguing the case as he lay motionless on the floor inside, with the guards still convinced that he was feigning unconsciousness.

Mr Austin, 30, is the first person to have died in custody while in the care of Securicor, the private security firm, which has a Home Office contract to escort prisoners between courts and the jails in the capital. He

had been arrested on 28 January this year on suspicion of burglary and taken to Chiswick police station, where he was held overnight. While in custody, he tried to cut his wrists and was examined by a police surgeon who prescribed a drug used to treat schizophrenia.

The following day, Mr Austin was taken to Brentford Magistrates Court to apply for bail and put in a cell below the courts.

Mr Austin's barrister, Stuart Armstrong, said he went to visit him after learning that he had smeared excrement around his cell. "He said to me that he wanted to go home, that he wanted his medication and that he wanted to see a doctor," he said. "He was clearly distressed and bewildered. He looked and sounded like an unhappy child."

About half an hour later, Mr Armstrong looked into the cell and saw Mr Austin hanging from the ceiling by his T-shirt. He called the guards, one of

whom said: "It's OK, his feet are on the ground; he's faking it."

Mr Armstrong went on: "The guards told me that his face would be a different colour if he was trying to hang himself, and that she thought she had seen him move. I told her that although I was probably less experienced than her, I thought he looked bloody convincing."

Mr Armstrong called the other jailers, who said they could do nothing because their supervisor, Roger Clarke, was upstairs. When Mr Clarke arrived, he looked into the cell and allegedly said: "Checky huggie, he just winked at me." After examining Mr Austin, he said: "He's a good actor, he was pretending to be unconscious."

A bail hearing was convened outside the cell, during which Mr Austin, who was lying on the floor, did not respond to questions. About half an hour later, he was found to be dead.

The hearing continues today.

Police chief condemns paedophile vigilantes

Glenda Cooper
Social Affairs Correspondent

A police chief yesterday condemned vigilantes who used "lynch mob" justice against suspected sex offenders, as calls came for a change in the law to deal with paedophiles.

Dr Ian Oliver, Chief Constable of Grampian, called a mob of more than 100, mainly women and teenagers "totally irresponsible" after they forced two men to flee a housing estate in Aberdeen. He said they had acted on "speculation" which was not only rumour but was "deliberately false."

The debate over whether convicted sex offenders should be able to live in the community and, if so, whether people should be informed, has been renewed this week with two further cases.

In Liverpool, where a convicted paedophile is due to be released this week, a senior police

man called for the law to be changed to enable the community to be told. Detective Chief Inspector Paul Evans said police could do no more than keep under full-time surveillance an "incredibly dangerous man", set to be released in eight days, after being detained under the Mental Health Act.

Meanwhile, in North Wales, a couple of convicted paedophiles are taking the local police to court after their names were released to the owner of a campsite when they moved there. The couple had been hounded out of three previous homes once their convictions became public.

But civil rights campaigners and probation officers said insisting that all paedophiles get treatment would be far more effective than broadcasting their names around local communities. The new Sex Offenders Act will require anyone convicted or cautioned for child sex of-

fences to keep police informed of their addresses, and the Government has said a register of convicted paedophiles will soon come into force.

It is now considering how best to implement the Act. Proposals under consideration include indeterminate sentences for sex offenders and decisions over who will be informed.

"One has to be realistic and know that some responsible parents ... have a very genuine concern as to the vulnerability of young children," said Dr Oliver. "We don't want to go back to the days of putting hands on people's foreheads."

John Wadham, director of Liberty, said that in general "both the police and the Government recognise that it is a mistake to publish people's names as it drives paedophiles underground, therefore they do not register and are more likely to be dangerous and commit more crimes."

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Seeking support: Annie Lindsell has suffered from motor neurone disease for five years

Photograph: Tom Pilsten

The woman who wants a court to give her the right to die in peace

Jeremy Laurence
Health Editor

A charity for sufferers from an incurable disease is refusing to back one of its women members who is seeking a change in the law to allow doctors to help her die in a peaceful and dignified manner.

The Motor Neurone Disease Association says it will not support the move by Annie Lindsell, who has suffered from the degenerative disease for five years. Ms Lindsell, 47, is to apply to the High Court on Thursday for a declaration that her GP may lawfully give her a drug to ease her distress, even though it may shorten her life.

The association's decision highlights the confusion among medical charities who wish to ease the suffering of patients but at the same time want to avoid condoning suicide.

Ms Lindsell is confined to a wheelchair and cannot use her arms or do anything for herself. Motor neurone disease is a fatal condition which destroys the nerves, causing progressive wasting of the muscles and paralysis. Ms Lindsell is understood to fear that she may suffer a lingering and distressing death ending in suffocation and choking.

The association said it was firmly opposed to the legalisation of euthanasia but respected the right of any individual to determine how they wished to die. The disease affects 5,000 people in the United Kingdom; it killed the actor David Niven and also Jill Tweedie, a journalist. Most sufferers die within three to five years of diagnosis but with the right care most do so peacefully, and choking and suffocation are very rare.

Tricia Holmes, director of care development for the association, said: "It was very strongly felt by our trustees that every one of the areas of work we are involved in is about supporting people living with the disease. It is for other organisations to advise on euthanasia."

However, the Multiple Sclerosis Society said it would consider demands from its members for euthanasia. It recognised that for a few people in the terminal stages of the disease even palliative care "will not alleviate... mental or physical anguish" and that some "will wish to contemplate assisted suicide". Multiple sclerosis has similar disabling effects to motor neurone disease but it is less often fatal. The society is consulting sufferers, their carers and doctors on their attitudes to euthanasia.

Ms Lindsell has been campaigning for a change in the law on euthanasia since last year. Her case, which is to have a preliminary private hearing before Sir Stephen Brown in the Family Division of the High Court, is expected to hinge on the doctrine of double effect, under which doctors may give drugs to control pain even though their effect may be to shorten life. Although not enshrined in law, it has become accepted practice as a result of the work of the hospice movement over the past 20 years. Ms Lindsell's lawyers are believed to want to extend the doctrine to include the relief of distress as well as pain.

Doctors warned that this could allow patients who were depressed to request suicide. However, Dr Vivienne Nathanson, head of ethics at the British Medical Association, said: "I can't see anything here that the courts need to decide about... We would say you're having the treatment, not to hasten death, but to control symptoms and alleviate suffering."

"[Ms Lindsell] may be saying she wants this contract with her doctor to be binding if she gets to a stage in her illness where she can no longer indicate her views. That would have a degree of sense."

Mappa Mundi home is building of year

Stephen Goodwin
Heritage Correspondent

The library built to house the 13th century Mappa Mundi yesterday beat off competition from a public lavatory to be named as the Royal Fine Art Commission's Building of the Year.

The Chained Library at Hereford Cathedral, which took the award ahead of the lavatory at Stratford-upon-Avon, was designed by the architects Whitfield Partners. The £1.5m building was completed in April last year and houses the cathedral archive as well as the celebrated animal-skin map saved for the nation with the help of John Paul Getty's millions.

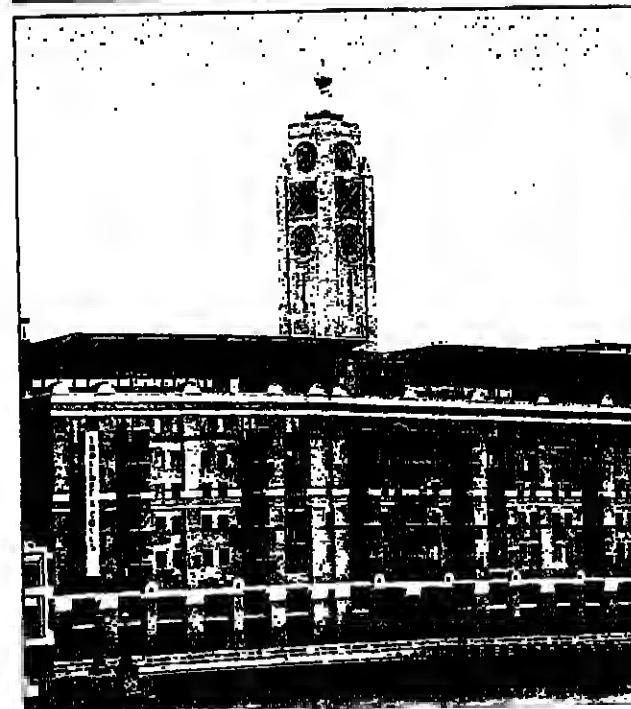
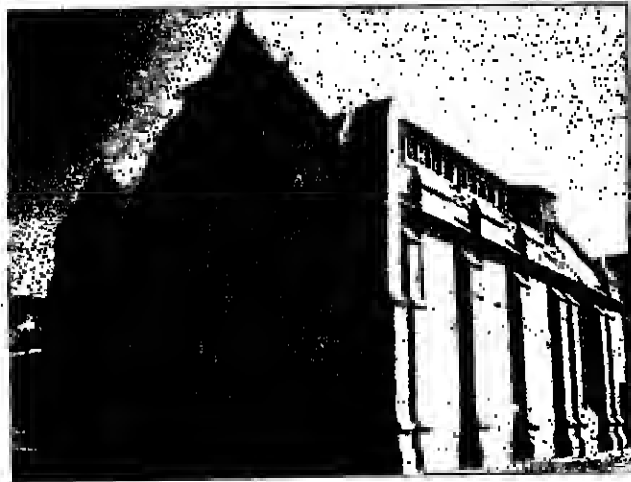
Announcing the award for the "outstanding architectural contribution of the year", Lord St John of Fawsley, chairman of the Commission, lamented the poor reputation of contemporary architects.

"There is a stain on the British imagination when it considers contemporary architecture, which has been imprinted by the dreary iconoclasm and in some cases monstrous creations of the Sixties. As a result, for many people contemporary in architectural terms has come to mean ugly or bad or inferior."

Other winners in the Building of the Year Award 1997, sponsored by British Sky Broadcasting, were Little Britain, in east London, in the restoration and conservation category, and the Oxo Tower Wharf, on London's South Bank, in the urban regeneration section.

Buildings short-listed for the main award were the Avonbank Gardens public lavatories in Stratford-upon-Avon; the Meadowbank Club at Cable & Wireless in Twickenham, south-west London; No 3 The Square, in Uxbridge, Middlesex; and Matthew Glog & Soo's new headquarters building near Perth in Scotland.

The award for the Chained Library will be a pleasing post-



Winners: The Chained Library at Hereford Cathedral (top), voted best building, and the Oxo Tower in London

script to a saga which began at the cathedral almost 10 years ago.

Faced with a repairs bill of £7m to the crumbling Norman building, the authorities decided to sell the Mappa Mundi, one of the largest maps

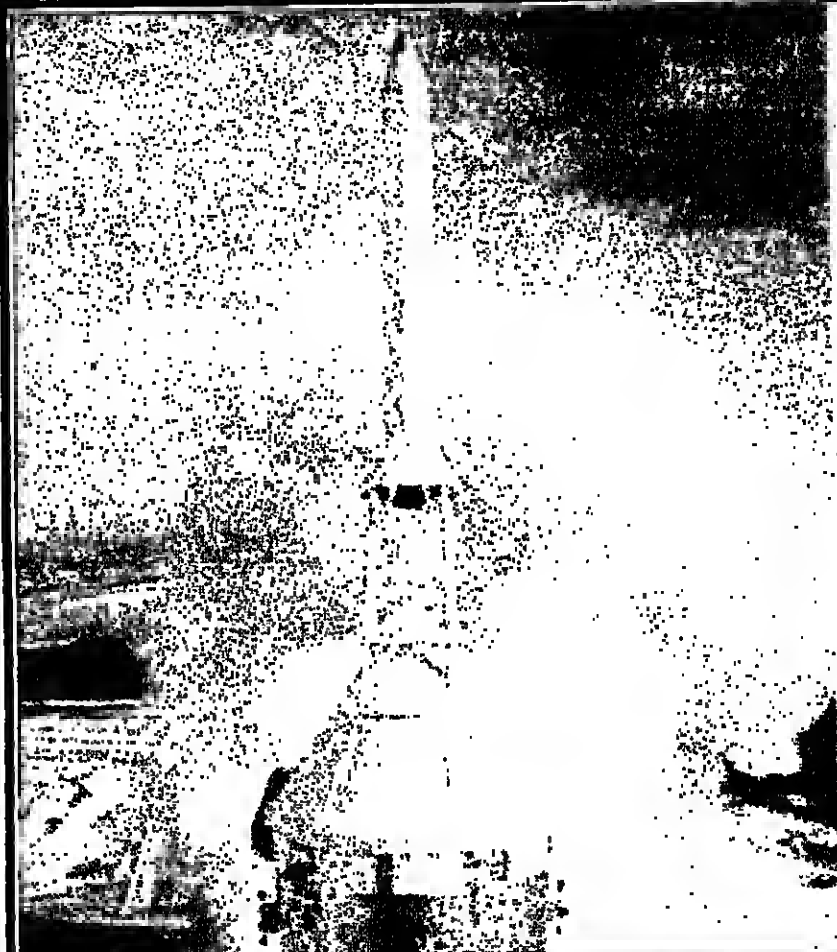
of its kind. But the proposal provoked a public outcry and the map was withdrawn from auction after a £3m rescue package was funded by the National Heritage Memorial Fund and the philanthropic Mr Getty.

NatWest Mortgage Rate

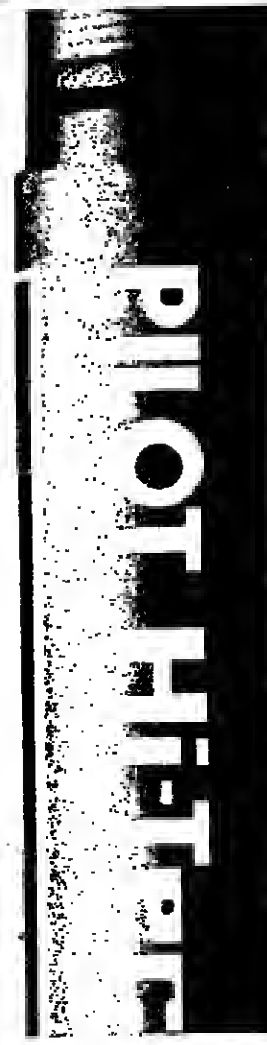
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news

Last-minute attempt to save art gallery

Jojo Moyes

University chiefs at Newcastle University were meeting last night to discuss whether to close the Hutton Gallery, a move condemned by lecturers and art historians as a cultural crime.

The University is said to be facing budget cuts of 6 per cent over the next three years and would save an estimated £45,000 a year from closure of the gallery. It says it needs to focus on the "core activities" of teaching and research.

But lecturers claim the gallery itself is a teaching tool, and that the benefits of keeping it intact outweigh the small monetary gain.

The Gallery contains thousands of works whose fate is unclear, including an installation by the German Dadaist, Kurt Schwitters, the only remaining of three constructed after he came to Britain as a refugee.

Established in 1926, it is open to the public five days a week, and is regarded as one of the most impressive exhibition spaces in Britain. Contemporary artists such as Richard Hamilton, Sean Scully and Victor Pasmore have shown there.

The collection includes a Goya, Francis Bacon's 1962 *Study for a Portrait*, drawings by Sickert, an anonymous 16th-century Flemish panel and two 15th-century Siennese altarpieces.

The proposed closure caused a public outcry, with the director of the National Art Collections Fund describing it as "shameful".

David Barrie wrote in a letter objecting to the closure last week: "The Hutton is a distinguished collection: not only is it a great teaching resource for the university but it is also open to the public free of charge. Closure would fly in the face of the new Heritage Secretary's commitment to education and access."

This is not the first time a university's art collection has suffered due to budgetary constraints. In 1993 Royal Holloway and Bedford New College caused a public outcry when it sold off an £11m Turner painting to help fund the upkeep of its buildings.



Painted out: University authorities want to close Hutton Gallery in Newcastle, which contains work by Goya, Bacon and Sickert, to focus funding on teaching and research Photograph: Raoul Dixon

Alarm over safety of national treasures

The proposed closure of the Hutton Gallery could be dismissed as another casualty of budget constraints. But experts yesterday warned that the gallery was also representative of the wider issue of the role of art in a broader educational context, and how to safeguard Britain's national heritage, writes Jojo Moyes.

Some 300 academic bodies have renowned art collections including the Ashmolean at Oxford, the Fitzwilliam at Cambridge and the Sainsbury Institute at the University of East Anglia.

In a time of increasingly tight funding, should resources that

could be spent on lecturers go to fund a university gallery?

Bill Varley, a fine art lecturer at Newcastle, was clear that they should. "When this university goes on about first priority being teaching and research I want to lay on the floor with my feet in the air kicking and screaming with rage because that's what the gallery stands for..." he said.

"The function of a collection isn't simply for students... it's a bit of social history, it shows the historical context of Tintoretto or whoever it might be. There's also, dare I say it, the pleasure principle. People can come into the gallery and

have a bit of escape from the hurly burly of life outside, and get spiritual refreshment..."

"It's an added dimension to university education and to subsequent life."

There also was a danger, said Mr Varley, that if future patrons saw collections closed and bequests sold off - as was apparent at Royal Holloway and Bedford New College in 1993 - it could set an unfortunate precedent.

"No patron or trust that has bequeathed a body of work to the university is going to enjoy seeing that trust betrayed and bequests mothballed or sold off. It's a kind of insult."

John Murdoch, director of the Courtauld Institute, believes the most dangerous precedent is that of calling into question the historic concepts of university museums.

He has written a letter to the chairman of the council of Newcastle expressing his dismay at the proposal. "Clearly you must understand the context within the way decisions are made by teaching institutions, but the decision in this case imperils not only the future of a fine art gallery, but it raises all the questions on the long-term viability of the university museum as a concept," he said.

One director of a major museum, who asked not to be quoted, said there were serious questions to be addressed about the way university galleries are funded. "It's really a matter of the fitness of universities, in the present funding regime, to be in charge of major parts of national heritage," he said.

The problem arises because universities are fundamentally educational charities. When facing financial problems that threaten their existence they are almost bound to look around and notice that their institutions are quite expensive to fund, often in very distinguished buildings, have a reasonably large staff because of security, and

that they are sitting on assets worth literally billions of pounds - it's inevitable that this will happen."

The question, he added, was addressed in a Green Paper issued last year by the Museum and Galleries Commission, which considered whether universities were the right institutions to run public collections.

"There is a case which says that existing funding systems for university museums should originate in the Department of National Heritage, rather than the Department of Education, which knows nothing about such collections. Personally I find it very persuasive."

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The question, he added, was addressed in a Green Paper issued last year by the Museum and Galleries Commission, which considered whether universities were the right institutions to run public collections.

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The Sainsbury Institute: Future benefactors may think twice

The five linked attacks:

- 1 In Bradford in December 1992 a 30 year old was abducted as she parked her car. She was taken to a location close to the city's airport and raped.
- 2 A woman, aged 26, was raped in her vehicle after being abducted in a car park in Leeds in 1983 and driven to the outskirts of the city. The rapist then drove her back into the city and threw her into the River Aire. She managed to untie herself and escaped.
- 3 A 20 year old was abducted at knife point while parking in Leicester at 10.30pm in May 1984. She was sexually assaulted.
- 4 In May 1993 in Nottingham a 23 year old was forced into the passenger seat of her car in daylight where she was tied up and her head was covered. She was sexually assaulted.
- 5 A 22 year old woman was forced into the passenger seat of her car in Leeds in July 1995. Her hands were tied and eyes covered. She was indecently assaulted.

The travelling serial rapist who targets women who drive alone

Jason Bennett
Crime Correspondent

A nationwide appeal for help in capturing a serial rapist, who has struck at least five times, is to be launched today.

Three police forces are taking part in Operation Lynx, which follows a series of sex attacks in the Midlands and in northern England over a period of years.

A two-year investigation by the police has uncovered new information about the man they believe to be responsible for the attacks, who is described as extremely dangerous and who uses a distinctive mode of operation. They describe him as a "travelling serial rapist".

The assailant usually abducts his victims as they are about to get into their cars in city centres, often tying them up, before driving them to a quiet location and attacking them. In one case a woman was raped and thrown into a river with a cloth bag over her head and her hands and feet tied. She managed to free herself and swim to safety.

Later today police from Leicestershire, Nottinghamshire and West Yorkshire will appeal to the public for help in tracking down the rapist, and will ask for other possible victims to come forward. There are fears that he may be responsible for other assaults or attempted abductions that have gone unreported. A telephone rape-

counselling service is being offered by the police to women who believe they may have been one of the man's victims.

The rapist has struck in Leeds, Bradford and Nottingham, and detectives believe he is likely to live at a location "mid-point" from these cities.

The commander of Operation Lynx described the inquiry as one of the biggest investigations of its kind and compared it to the extensive hunt for Michael Sams. Sams was given four life sentences in 1993 for the murder of Julie Dart, a Leeds prostitute, and the kidnap of Stephanie Slater, a Birmingham estate agent.

Operation Lynx follows five assaults that have been linked.

A DNA sample proved that the last two attacks were carried out by the same man. These were assaults on a 22-year-old woman in Leeds in July 1995, and a similar attack on a 23-year-old in Nottingham in 1993.

About nine years earlier, the victim was a 20-year-old in Leicester. One of the most serious incidents was the attack in which the victim, a 26-year-old, was hooded and thrown into a river, after being raped in Leeds in 1983. The first identified assault was in 1982 on a 30-year-old in Bradford.

Assistant Chief Constable Lloyd Clarke, of West Yorkshire police, who has taken overall charge of the inquiry, said in a statement: "Leicestershire Con-

stabulary, Nottinghamshire Constabulary and West Yorkshire Police are all involved in Operation Lynx, the largest investigation of its kind."

"Not since Michael Sams investigations has there been such an extensive cross-force inquiry. Each of the incidents being investigated bear striking similarities. All involve a lone woman being abducted in her own vehicle before being driven a considerable distance and subjected to sexual assault."

He added: "This man is a danger to women and I'm confident we can catch him."

A freephone number - 0800 515445 - has been set up for anyone with information which may help the inquiry.

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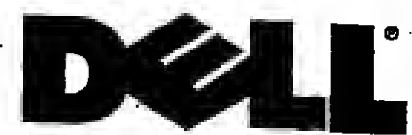
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Dispute over universe sets off star wars

Charles Arthur
Science Editor

American astronomers have irked their British counterparts by disputing research which shows that the universe is 10 per cent bigger – and hence older – than had been thought.

The dispute focuses on data from the orbiting Hipparcos satellite, used for viewing very distant, dim stars.

In April, a team led by Robin Catchpole at the Royal Greenwich Observatory, Cambridge, announced that results from Hipparcos in observing a class of distant stars called Cepheids, between 1,000 and 2,000 light years from Earth, showed that the conventional "rulers" for measuring distance in the universe were wrong by 10 per cent. The universe was bigger than we thought.

Now Thomas Barnes, associate director at the McDonald Observatory, at the University of Texas, has claimed that Hipparcos's observations of other "standard" stars, known as RR Lyraes, do not back that up. "It's as if the Hipparcos satellite gave us a new ruler for the universe, and it measured 11 inches for nine type of star, and 13 inches for a different type," he said.

Dr Catchpole was quick to reply. "I think that some people are so desperate for funding these days that just about anything seems to them worth issuing a press release about," he commented. (The US notice was sent to the media worldwide via e-mail.) "Public debate of scientific issues is an excellent thing, but I'm not sure that's what this is."

Though an argument between American and British astronomers about the size of the universe might seem as important as one between theologians about how many angels can dance on the head of a pin, it matters to scientists trying to develop consistent theories about the formation of the universe, stars and the galaxies.

British and American scientists fall out over research into age of distant planets

The British findings in April seemed to settle a long-standing mystery in astronomy. Different measurement systems have been used to determine the age of the universe, its speed of expansion, and the age of stars. The combination of the three led to the paradox that the universe was about 11 billion years old, while its oldest stars were up to 14 billion years old. This meant that either theories of star formation, or the universe's formation, or the measurement system, were wrong. Yet individually all seemed unassailable. The British work represented a breakthrough.

The work of Dr Catchpole and a colleague in South Africa, Michael Feast, showed that the Cepheids were further away – and so brighter, and so younger (because young stars burn more brightly) – than was thought.

Viewed in conjunction with work by scientists at the Universities of Sussex and Glasgow, which showed that the universe was certainly larger than measurements had suggested, the paradox appeared to have been resolved.

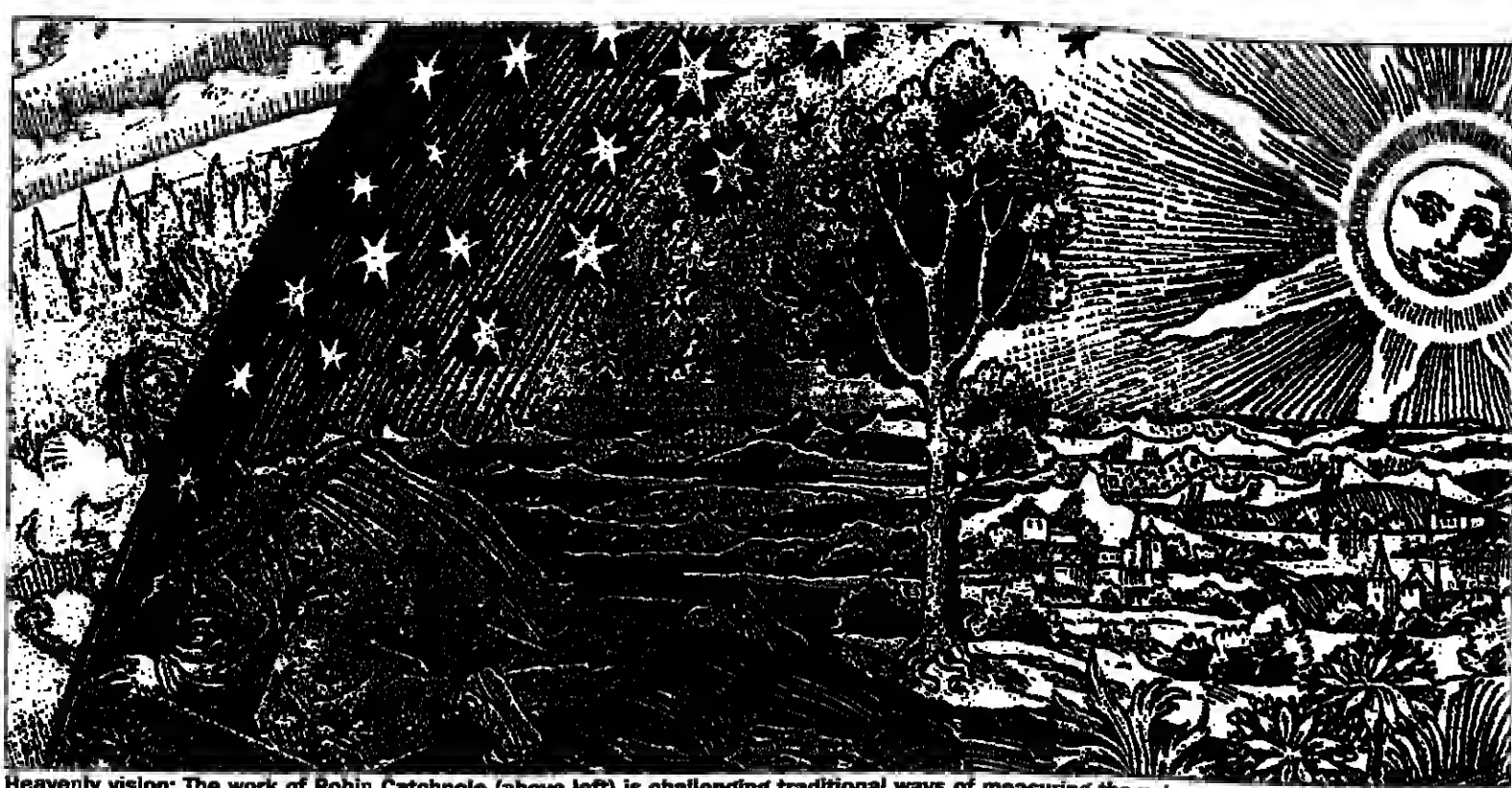
Dr Barnes was unable to suggest whose work might be at fault, telling scientists at an international meeting last month that he was "very confident" of his results.

But of the dispute his work – and press release – had created, he said: "This is great. If everybody agreed right away, there would be no advancement in our knowledge."



This is not the first time that American and British astronomers have differed over the importance of US findings. In April, the American Astronomical Society trumpeted the discovery of an "antimatter fountain" at the centre of our galaxy, the Milky Way – only for Sir Martin Rees, the British Astronomer Royal, to comment that the Americans hadn't found antimatter – only particles produced by the radioactive decay of normal matter.

Observatory under threat.
The Tabloid



Heavenly vision: The work of Robin Catchpole (above left) is challenging traditional ways of measuring the universe

Photograph: AKG

Czech gang lured driver to his death

A British coach driver who died in hospital two months after being found unconscious in Eastern Europe was apparently the victim of a female criminal gang, it emerged at an inquest yesterday.

Joe Baines, a father of five, died in Dryburn Hospital, Durham, last December two months after suffering severe head injuries as a result of being repeatedly struck in a park in Prague, the Czech capital.

The north Durham coroner was told how Mr Baines, 53, was fatally injured after he and three other drivers who had taken Hull University students to Prague, had a night out in the city and were chatted up by a group of women who wanted to take them to another bar.

Of the three who went with the women, two later returned to their hotel minus their wallets and Mr Baines was found lying in a park, brutally battered and stripped of his cash.

Recording a verdict that Mr Baines, of Durham, was unlawfully killed, coroner Geoffrey Burt said: "It seems to me that the three drivers who were robbed had been the subject of some premeditated plan."

"They had been lured away in taxis or to remote places and robbed of their possessions. It may be Mr Baines resisted and was attacked – quite clearly he was viciously attacked and robbed."

Pathologist James Sunter said Mr Baines died from pneumonia which developed as he lay unconscious as a result of severe brain damage.

The inquest was told that the Czech Republic police report in to the murder was confined to a single sheet of paper.

Detective Sergeant Denise Pearn, of Durham police, said she did not feel the attack had been investigated as thoroughly as it would have been in Britain.

DAILY POEM

Ghazal of the Dead Child

By Federico Garcia Lorca (translated by Catherine Brown)

Every afternoon in Granada
a child dies, every afternoon.
Every afternoon the water sits down
to talk things over with its friends.

The dead wear wings of moss.
The wind cloudy and the wind clean
are two pheasants that circle the towers
and the day is a wounded boy.

No blade of lark remained in the air
When I found you there in the wine caves.
No crumb of cloud remained on the land
when you were drowning in the river.

A giant of water fell down the mountains
and the valley rolled by with irises and dogs.
Your body, shadowed violet by my hands,
dead on the bank, was an archangel of cold.

Lorca wrote "The Tamarit Divan" (from which this poem comes) in the early Thirties, as a homage to the verse forms of Moorish Andalusia. The new bilingual Penguin Twentieth-Century Classics edition of Lorca's *Selected Poems* (Penguin, £9.99) generously samples all his published volumes: it is edited and annotated by Christopher Maurer.

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As Tory MPs toast their future leader, out in the shires the party is quietly withering away

Fran Abrams
Political Correspondent

Westminster's Conservatives may have found a reason to crack open the champagne, but as the dregs from Tory leadership contenders' drinks receptions are poured away, the party in the country has little to celebrate.

Far from looking bright-eyed towards the future, the activists and the die-hard Conservative voters have barely begun to come to terms with their loss.

Which leader do they believe can return them to power? There are at least as many opinions as candidates. Do they want a vote next time around? Some say yes, some no, some do not have the confidence even to express an opinion.

While officials at Central Office talk boldly of rebirth, reform and a new, more modern party, membership continues to dwindle and ageing members to die.

Trevor Hawkins, chairman of the Suffolk Coastal constituency association, John Gummer's seat, says that at 65 he is sometimes the youngest person at a meeting. "The membership is healthy but we lose people. Each week we have death reports," he said.

Coffee mornings, always the mainstay of party fund-raising, cannot attract the young, he adds. Branches in the area have been asked to look at the kind of functions they hold.

In Billericay, the Essex home of the Euro-sceptic Theresa Gorman, the story is similar. The constituency secretary, Carol Morris, agrees that going out and asking people to join would help, but beyond that she is short of ideas.



The waiting game: Billericay's Tory constituency secretary Carol Morris: 'We need to make an effort but we haven't got beyond the talking stage' Photograph: Brian Harris

"I don't know how you do that. We have said we need to make an effort and there's been a few opinions about how to go about it. We haven't got beyond the talking stage," she said.

But far from despairing, the retired businessmen and the professionals who have kept the ship afloat for years have crossed their fingers and are clinging to the belief that, in the

immortal words of Labour's campaign theme, things can only get better.

Mrs Morris actually sees a positive side to her party's crushing defeat at the polls.

"When you're at the bottom there's only one way to go," she says. "We got a Labour-controlled district council, a Lib-Lab county council and a Labour government. What can

we be blamed for?" She is not alone. The message from the party is that Labour won the election on account of a national desire for change, that Tony Blair is certain to mess

up and the Conservatives will be back in power in 2002.

Councillor David Roy leads the Conservatives on Birmingham city council. There, 13 members form the rump of a

group which used to hold power with 68 councillors in the early 1980s. He believes the pendulum will swing back.

"The vote wasn't so much pro-Labour as complacency and indifference towards the Conservatives. Both our local council and some of the central government are there by default," he says.

"I think people became slightly weary of us. The policies can't have been too wrong because Mr Blair has pinched most of them."

On the future of the party at national level, there is little consensus except on the need for change. Party activists feel, almost to a man and woman, that their views have not been heard. Councillors say their warnings about the disastrous poll tax went unheeded, while business people feel their needs came second to wider political considerations.

The annual conference is just a forum for mass self-congratulation. But while some call for a "one member one vote" leadership election next time and more debate on policy issues, others are not sure. One long-term activist said the job of choosing a leader was best left to MPs.

There are rays of light. The Conservative students are opening new branches while north of the border the Scottish party talks of sweeping reform. Young members on the ground are full of ideas about adopting the technology and PR know-how employed by Labour.

But many of the faithful seem to be sitting still and hoping for a miracle. Perhaps the party will have to wait until 2002 for a shock that will really galvanise it into action.

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YOUR HOME IS AT RISK IF YOU DO NOT KEEP UP REPAYMENTS ON A MORTGAGE OR OTHER LOAN SECURED ON IT.

Gay carer fights for right to home after partner dies

Patricia Wynn Davies

John Thompson and Martin Fitzpatrick lived together in a committed relationship for nearly 20 years, as much a loving couple as millions of married people up and down the country. But when Mr Thompson, the official tenant of their flat, died, the landlords lost little time in telling his partner to leave.

Having battled over the past nine years of Mr Thompson's life to provide the best possible care for him after he was paralysed in an accident, Mr Fitzpatrick is battling to keep his home.

Three Court of Appeal judges are to rule on a test case brought by 47-year-old Mr Fitzpatrick this week. It will be the first bid by a gay man to secure the same rights as heterosexuals to take over protected private-sector tenancies when the original tenant dies.

The case probes for the first time whether social attitudes have so changed that a long-standing union between two people of the same sex should be treated as living together "as husband and wife" for the purposes of the 1977 Rent Act.

Mr Fitzpatrick, who witnesses say provided an extraordinary level of care to Mr Thompson after his accident in 1986, claims in the alternative that the nature of their relationship made him "a member of the family" of Mr Thompson, so giving him similar though lesser rights under the 1977 Act.

The two men first met in 1969 and lived together in a stable and monogamous relationship in South African-born Mr Thompson's west London flat



Martin Fitzpatrick is fighting a test case against eviction Photograph: Adrian Dennis

from about 1976. A notice-to-quit followed Mr Thompson's death in November 1994.

The landlords trade under the name Sterling Housing Association Limited. But when Mr Fitzpatrick first applied, unsuccessfully, at the West London County Court to take over the tenancy, they admitted that they were not a registered housing association and that the 1977 Act, which covers private-sector lettings, applied.

At the time of John Thompson's death the weekly rent of the basement and ground floor flat, on which Hammersmith & Fulham Council have spent thousands of pounds to adapt for his needs, was £19.50, although the landlords could have applied to have it raised.

The top two floors of the building have long stood empty.

Mr Fitzpatrick, a Dublin-born former Royal Navy serviceman who defies the "passive" gay stereotype, says that in the early days their relationship might have seemed unusual - "not only was I going out with a guy, but he was a black guy," he says. "We were so close ... I would say we were like hubby and wife. We were loving people. I just loved him so much."

Mr Thompson, a former silversmith, suffered severe and irreversible brain damage after a fall downstairs. Mr Fitzpatrick was treated as next-of-kin when his partner underwent two major brain operations. He felt Mr Thompson would never make progress in hospital and took

him home to administer round-the-clock care that would last nine years. He gave up his mobile snack-bar business and became an expert full-time carer, keeping pressure sores at bay and learning how to change catheters. He devised a method of feeding Mr Thompson with a gastric tube through the nose - including pints of Guinness during trips out. He taught him to blink once for "yes", twice for "no". "I made him feel he was alive," Mr Fitzpatrick says.

Four-fifths of Greater London local authorities already allow equal rights of succession to same-sex couples. Guidance from the National Federation of Housing Associations urges its members to grant equal rights, and many associations do so.

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Fall of West Bank torturer

Patrick Cockburn
Jerusalem

The Palestinian Authority, which rules Gaza and parts of the West Bank, has sacked its chief law officer, notorious for his tolerance of torture, arbitrary arrests and killings by the Palestinian security forces, and is holding him under house arrest suspected of accepting bribes.

Brigadier General Zakariya Baloushi, a senior official of the Palestinian police in Gaza confirmed that Khalid al-Kidrah, the Palestinian Attorney General, has been fired because "he received bribes and committed several violations". While not confirming that Mr al-Kidrah was formally under arrest Brig Geo Baloushi said: "It is better for him to be at home... We are protecting him against angry people."

In his three years as Attorney General, Mr al-Kidrah became a symbol to Palestinians of everything rotten in the autonomous enclaves which they hope will become an independent state. Torture became endemic. In January, a businessman, Youssef Baba in Nabulus, died of a gangrenous wound caused by burns from the electric element of a kettle pressed to his upper arm. He had been tortured over a month during which time he was admitted to a Nabulus hospital five times. Palestinian military intelligence refused to let doctors amputate his arm to save his life.

Mr al-Kidrah was notorious for his refusal to respond to pleas from prisoners and their relatives. In January, Fayed al-Qumseih, died in Bethlehem of a heart attack brought on by a beating, though the local prosecutor had told Mr al-Kidrah two months before that there were no grounds for holding him, but the Attorney General had failed to order his release. The only time he showed any speed was in prosecuting jour-

THE INDEPENDENT • FRIDAY 21 FEBRUARY 1997

Torture deaths that shame Palestine

Horrific pictures show depravity of security force interrogators

Patrick Cockburn
Jerusalem

Just before he died, Palestinian military intelligence brought Youssef Baba to the hospital in Nabulus, the largest city on the West Bank, and left him to die. The pictures show the man who was killed in the hospital, and the pictures show the man who was killed in the hospital, and the pictures show the man who was killed in the hospital.

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nalists who criticised the Palestinian Authority.

The firing of Mr al-Kidrah at the end of last week is being greeted with relief by human rights organisations, who think it may be a turning point for the rule of law in Palestinian areas.

Dr Iyad Sarraj, a psychiatrist and a leading human rights campaigner from Gaza, said yesterday: "The firing of the Attorney General marks a real change. He closed his eyes to any violation of human rights. Before, nobody would testify, everybody was scared." He says complaints of human rights violations have declined in recent months and, since Mr Baba was

killed, Yasser Arafat, the Palestinian leader, had ordered the Palestinian security forces to stop using torture.

Mr al-Kidrah himself denies charges of corruption. When *The Independent* published pictures of the bodies of Mr Baba and Mr al-Qumseih in February, he wrote to the paper to deny that he "viewed all Palestinian human rights activists as 'a fifth column'". He said that he himself had been imprisoned by Israel and added: "Allow me please to emphasise the simple fact that we here promptly and actively investigate all reports about human rights abuses."

This was news to Dr Sarraj,

now the Palestinian Commissioner General for Human Rights, who was arrested three times in Gaza on the orders of Mr al-Kidrah for raising human rights issues, though this was never the official charge.

After being arrested last December, he was beaten, kicked and sentenced to 15 days in prison for assaulting an armed Palestinian policeman. On another occasion police used the fact that "I had a professor of psychiatry from Canada staying with me when I was arrested to suggest I was a Canadian spy."

The vulnerability of Dr Sarraj, a distinguished medical practitioner and Palestinian pa-

triot, to arbitrary arrest showed the lack of restraint of the security services and police. He says: "During my interrogation they told me they had found a large piece of hashish in a drawer in my desk. I offered them \$10,000 (£6,100) if they showed me the drawer it came from because my desk has no drawers."

Mr al-Kidrah's fall was sudden. It followed the detection of a private lawyer who had knowledge of the former attorney general's financial affairs. Dr Sarraj says a member of the family of a prisoner would "pay the bail money, would not receive a receipt and the money would not be seen again". After an in-

vestigation, Freih Abu Medein, the Palestinian Justice Minister, insisted to Mr Arafat that Mr al-Kidrah be fired or he would resign. Mr Arafat agreed. Mr al-Kidrah was told to go.

The future for Mr al-Kidrah is unclear. Bassam Eid of the Palestinian Human Rights Monitoring Group said yesterday that he had been told by officials in the former attorney general's office that "his ID and passport are being held by the authorities". Dr Sarraj has written to Mr Arafat demanding that Mr al-Kidrah be given a trial, something denied to many prisoners when he was attorney general.

Montenegro was likely to back Slobodan Milosevic's candidacy for the presidency of Yugoslavia but will block any moves to amend the federal constitution, a senior Montenegrin official said. President Milosevic of Serbia was officially nominated by his Socialist Party of Serbia (SPS) last week to stand for the presidency of Yugoslavia when the five-year mandate of incumbent Zoran Djindjic expires on 25 June 25.

Reuters - Belgrade

Thieves make off with jet

Unidentified thieves have stolen a jet airplane from a Russian airport and flown it across the border to the former Soviet republic of Kazakhstan, officials said. The airplane was seized by two men in the southern Urals city of Orsk last Thursday. They flew 545 miles before landing at a deserted airfield in central Kazakhstan.

AP - Moscow

Ceausescu's health guru quits

Romania's Health Ministry pensioned off Iulian Mincea, dictator Nicolae Ceausescu's personal physician who told Romanians meat was bad for them during severe shortages of the 1980s.

Dr Mincea, a nutritionist, became notorious near the end of Ceausescu's 25-year rule as mastermind of the "rational nutrition programme" which denied meat to the country's 23 million people.

Reuters - Bucharest

Milosevic gamers support

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Reuters - Belgrade

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Fault line undermines fragile euro

Sarah Helm
Luxembourg

The French refusal yesterday to accept Europe's agreed priorities for the single currency is the most concrete evidence yet of the dangerous fault line which runs under the euro's fragile foundations.

Hurried attempts were last night being launched to patch over rift, but the question remains: could the divisions exposed yesterday re-emerge and push the project off course?

The risk of rupture over the design of economic and monetary union (Emu) has always been highest between France and Germany, where differences in the philosophy of the euro-zone run deep.

Germany has consistently demanded that, in return for its willingness to give up a strong mark, other member states must accept the stiff rules of fiscal discipline, in order to give the euro the best chance of being as strong as the mark.

Only by demonstrating that other member states are prepared to accept German-style monetary discipline could Helmut Kohl, the German Chancellor, hope to persuade the German people that it was safe to sacrifice their currency.

The Maastricht rules for the euro are set, largely to German

standards. And in November 1995, Theo Waigel, the German Finance Minister, underpinned Maastricht by proposing a "stability pact" which would ensure that countries joining Emu would maintain the same discipline after the 1999 launch.

As long as the Gaullists remained in power in France, Germany has, largely, been able to have its way over the design of the Emu rule-book.

Jacques Chirac, the French President, has always sought ways to soften Germany's monetary rigour, and has backed some form of political government to counter control by the future European Central Bank.

Germany's own difficulties in meeting the Maastricht criteria, seen most notably during the recent debate over plans to re-value German gold, have strengthened the case for a more "flexible" approach to the Maastricht criteria.

The victory of the French Socialists, however, was always sure to bring France into a head-on confrontation with Germany over the Maastricht rules and the terms of the stability pact.

During the French election campaign, Lionel Jospin, the new Prime Minister, made clear that he would refuse to implement the austerity measures demanded by the Maastricht rules,



Question time: Dominique Strauss-Kahn (left) yesterday with the European Union French Commissioner Yves-Thibault de Silguy. Photograph: Reuters

thereby clearly opening the door to the "soft euro" which Bonn has hitherto abhorred.

Mr Jospin promised to create 700,000 French jobs and to reduce the working week to 35

hours, raising questions about whether France would have any chance at all of meeting the Maastricht deficit criteria under socialist rule.

On the campaign trail, Mr

Jospin also condemned the entire stability pact as "absurd", suggesting he would seek to throw out the entire set of rules should he come to power. However, a senior European minis-

ter confirmed yesterday that Mr Jospin had privately appealed for a "form of words" on Emu which would enable him to keep France on track for the launch, while demonstrating to

French voters that he had not betrayed them just one week after his victory.

And some observers saw yesterday's announcement from Dominique Strauss-Kahn, the

new French Finance Minister, that the terms of the pact had to be re-worked, as a climb-down from the hard line struck by his party during the campaign.

Nevertheless, France's adamant refusal to accept the stability pact terms yesterday, has broken a taboo. To date, no member state - other than Britain - has taken such a strong stance against any elements of Emu architecture.

Whatever magic is now performed by the Dutch presidency, ahead of next week's Amsterdam summit, no "form of words" will be enough to accommodate French demands for establishing a political counter-weight to the European Central Bank. Such an initiative will demand weeks or months of bruising negotiation, rather than days.

Germany was cautious in its first response to French demands yesterday. But it seems highly unlikely that Bonn will be able to swallow any further weakening of its prized Maastricht rules or stability pact. Patching over yesterday's row will not heal the rift.

Kohl plays the quitting game to shake allies

Ime Karacs
Bonn

The unhappy ship that is Germany's governing coalition was drifting towards the rocks yesterday amid rumours that the captain was preparing to jump overboard.

Although Helmut Kohl's party defied newspaper reports that the Chancellor had threatened to resign four times last week, suggestions that he was contemplating changing the crew could not be dismissed. An attempted show of unity by the current coalition "partners" degenerated yesterday into juvenile name-calling.

The conflict revolves around the government's inability to conjure up, without seeming to fiddle, a balanced budget to qualify Germany for monetary

the best part of this year, was denounced by Mr Kohl's Christian Democrats yesterday as "blackmail". Whereupon the Free Democrats feigned injury and went off in a huff.

Meanwhile, the government's policy-making arm, the union of Christian Democrats and Christian Socialists, have fallen out among themselves over monetary union. The Christian Socialists of Bavaria have come around to the view that Emu should be postponed beyond 1999.

This makes the position of Mr Waigel, Finance Minister and leader of the Christian Socialists, doubly awkward. In Bonn he is blamed for failing to balance the books and of endangering monetary union. In Bavaria he is lambasted for busting the budget for the sake of the obscure goal of the euro.

All that unites the various shades of Christians in the government is the towering figure of Mr Kohl and hatred of Free Democrat yuppies. The FDP, for their part, are painfully aware that in opposition the voters may regard them as surplus to requirements.

Which is why threats by Mr Kohl to sink his own government just to be rid of his turbulent coalition partners are credible. He has used the gambit before, but this time the threat might be wearing thin.

This is where rumour No 2, leaked from the same Christian source, comes in. According to this, Mr Kohl's people have opened secret talks with the opposition Social Democrats. The mediator is Helmut Schmidt, the Social Democrat chancellor ousted 15 years ago. The government's negotiator is said to be Mr Waigel.

That the two men met last Thursday has been confirmed, but whether they talked football or coalition unclear. An arrangement of some kind would benefit Mr Kohl as it would free the legislative logjam holding up tax reforms. More importantly, it would liberate him from the Free Democrat veto.



Helmut Schmidt: Talks with Kohl fuelled coalition rumour

union. Mr Kohl's junior coalition partners the Free Democrats, have vetoed every attempt to raise taxes. Without higher taxes, the rest of the government argues the feat cannot be performed, now the Bundesbank has blown the whistle on Theo Waigel's attempt to revalue German gold reserves.

The Free Democrats cannot back down. Unless they can flex their muscle, such as it is, and demonstrate their influence in government, they will disappear from the political scene at the next elections.

Sometimes they go too far. Their latest posturing, which has paralysed the government for



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China rewrites history of Hong Kong

Teresa Poole in Peking on the early release of film epic that aims to spike British guns at handover

"You like to eat bleeding food," shudders the Emperor's envoy as he cuts into the large rare steak put before him by the uncouth Westerners.

"I understand that Chinese cuisine is unrivalled in the world; I cannot say the same of your cannons," retorts the victorious British officer, chewing his way through a slab of meat as he demands that Peking hands over Hong Kong - adding that it would make a timely present for Queen Victoria's upcoming birthday.

History may be written by the winners, but it can always be

rewritten some 150 years later when the original sovereign power regains possession of its territory. *The Opium War*, the most expensive mainland Chinese film ever made opened yesterday in China, expansively portraying the heinous behaviour of the British in forcing the ceding of Hong Kong in 1842.

The 100 million yuan epic (£7.7m), with a cast of 50,000 extras and a fleet of Victorian warships, is China's blockbuster version of one of the more shameful episodes in British history.

The film tells the story of how China tried to stop imports of opium by the British East India Company and other traders, only to be met by the force of Her Majesty's Navy. Superintendent Charles Elliot is the villain determined to teach China a lesson, and Denton (played by Bob Peck) an evil opium trader.

The vengeful Qing dynasty officials, who grab every available bribe from the British in return for letting in the drugs, complete a cast of miscreants.

Against this line-up, our hero is Commissioner Lin Zexu, the honest official who was determined to rid China of the



Battle stations: Chinese war junks being destroyed by the British during the Opium War

Illustration: Hulton Getty

scourge of opium, unaware that foreign powers had such might to unleash on the Middle Kingdom. "When a nation uses iron to eat their food, we should take notice of them," he remarks ruefully, perceiving some pos-

sible connection between knives and forks and the manufacture of heavy-duty cannons. China "should not be a frog at the bottom of the well", is his advice for the weak Emperor at the end of the film after China has

been roundly beaten and Hong Kong lost.

China's leaders are said to be delighted with the film, which was directed by 73-year-old Xie Jin. Over the next few weeks, the film will open at hundreds

of cinemas in China and Hong Kong, and an edict has gone out that Chinese embassies around the world should show the film on 1 July, as part of their Hong Kong handover celebrations. Chen Zhiguo, general man-

ager of the film production company, said shooting the film was "the embodiment of a national soul. It is a determination of the proud Chinese to do what their ancestors have never done, and it is a great effort to sweep away the humiliation".

It is one of the many propaganda weapons to be unleashed by China. "Our original plan was to show the film in Hong Kong in July, but the central leaders ordered it must be shown in June as part of a strategy. Because now the British are holding big celebrations there; they will invite the most famous singers, and send for the most luxurious pleasure-boat to ferry the British leaders back home. They will hold banquets and say 'It is I who gives Hong Kong as a gift to you'. This film, as a personal expression of Mr Xie's point-of-view, will tell people the way in which the British stole Hong Kong. They were robbers," said Mr Chen.

The film has opted for broad rather than detailed historical fact, and the big budget demands of the wide screen have encouraged certain embellishments designed to delight a Chinese audience. The serene and beautiful Chinese opium addict who is forced into prostitution is shown rejecting first Denton ("Why not? I am also a man"), and then Elliot, whom she tries to stab with a pair of scissors.

The Qing court sentences her to death for endangering the peace treaty with the British.

When the British parliament is shown debating the case for war, the House is divided between the hawks and those, like one MP, who pronounce Confucius far greater than Aristotle or Socrates. "It will take generations to understand China. We may be able to defeat but not conquer them," he warns, sentiments which appear regularly these days in the *People's Daily*.

Humour is the unexpected ingredient in this enterprise. During peace negotiations, the English interpreter says with exasperation: "They are always like this; this is so typically Chinese. They never say yes and they never say no."

In the end, the brutal British get Hong Kong, while Commissioner Lin is banished by Peking to China's far north-west border. The Emperor prostrates himself before his ancestors, devastated at having yielded Chinese soil to the barbarians.

But as the final credits begin to roll, there is every reason to expect the Middle Kingdom to avenge the historical injustice. The camera pans across the dark, rain-swept courtyard of the Forbidden City and halts on the statue of a lion - whose eyes start to glow an intense, menacing electric red.



Bob Peck: Plays the part of an evil British opium trader

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THE World of Lily Wong LARRY FEIN © 1997



US general faces pressure to resign over affair

Mary Dejevsky
Washington

General Joseph Ralston, the deputy head of the US armed forces and favourite to take over as chairman of the joint chiefs of staff in the autumn, was expected yesterday to announce his withdrawal from the running following disclosures about an adulterous affair 13 years ago. There were even reports that his career was on the line and that he might be forced to leave his current post early.

The General's future had become embarrassingly intertwined in the raging public debate about sexual relations in the US military and his continued candidacy was widely agreed to be politically untenable.

Gen Ralston's likely withdrawal from the running for the US military's top post represented a spectacular reversal of his fortunes. At the end of last week, the Defense Secretary, William Cohen, had expressed his continued support for the general's candidacy, describing him as an outstanding leader whose distinguished service "outweighed" his indiscretion. Having earlier insisted that officers be required to observe "the highest moral standards", he said that he thought it was now time to "draw the line".

These statements, however, turned out to be a major error



Tale of two careers: General Ralston, under pressure to resign, and Kelly Flinn, discharged from the air force last month



on the part of the Defense Secretary, hitherto regarded as an astute judge of the political mood and an adroit operator in relations with Congress. The initial outcry, led by a group of Congresswomen, developed into something of an all-out revolt and the few voices initially raised in Mr Cohen's support rapidly faded.

Members of Congress said that their phones had rung almost constantly since Mr Cohen first uttered his support for Gen Ralston with angry constituents accusing him of perpetuating double standards in the military and discredited servicemen and women ringing to "inform" on other generals and high-ranking officers they believed to have committed adultery with impunity.

The contrast was frequently

drawn with the fate of Kelly Flinn, the 26-year-old female B-52 pilot, who was forced to accept a general discharge from the air force two weeks ago after admitting an affair with a married civilian and lying about it. Comparisons were also drawn with the early retirements announced last week of two senior military officers, and continuing investigations into others, for past adulterous affairs.

To many, Gen Ralston's successful career epitomised the application of a double standard in the military that extended forgiveness and promotion to members of a charmed elite, while the lower ranks and women were threatened with demotion and even discharges. The mood was summed up by Representative Carolyn Mal-

oney, from New York City, who said: "If you are a friend of the Secretary of Defense, and you've had an affair you're in. If you are a successful woman who's had an affair, you're out."

Ms Flinn herself threw further fuel on the flames yesterday. In an article for *Newsweek* magazine, she made many of the points about "double standards" that had earlier been made on her behalf. "Ralston is a general officer, a man, and he has a whole network of friends to help him. I was a lieutenant, a woman without anyone in my chain of command willing to help me."

On Saturday, in a belated attempt to limit the damage, the Pentagon had called a highly unusual weekend press conference to announce that Mr Cohen was setting up two panels, one to examine the "clarity" of existing regulations on adultery in the armed forces, the other - made up of civilians - to consider issues raised by mixed-sex training.

This, however, was not enough to quell the uproar. Gen Ralston had to cut short his tour of the Central Asian republics and return home to face his critics. By yesterday, closeted with John Shalikashvili, the general whose job he had hoped to succeed to in September, and William Cohen, it was no longer just his promotion that was in question, but his career.

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Soldiers bewitched by army of spirits

Dayaks moved as one, like a swarm of bees

Richard Lloyd Parry
Salatiga, Borneo

"I didn't believe it myself," says the schoolmaster, "but I saw it with my own eyes. There were just three soldiers in Salatiga, and when the Dayaks first arrived they fired into the air. But they were completely outnumbered, and they soon began shooting straight into them. There was one Dayak, he was 30 yards away. The soldier aimed the gun, it went 'Bang-bang!', but it didn't hurt him. They were firing to kill, but none of the Dayaks got shot. I'd heard about it, but until then I never believed it. When they are in that state, when they are filled with the spirits, nothing can harm them."

Of all the strange and terrible things which have taken place in Borneo this year – the burning of houses, the murders of villagers, and the mutilation of their remains – the strangest and most disturbing element of all is the part played by ritual magic. In plenty of ways, this is a conflict with modern and rational causes: two ethnic groups, with very different cultures and religions, both of them poor and politically marginalised, forced to live alongside one another in a country riven with tensions and discontent. But if the reasons for it are conventional enough, the form which the unrest has taken is unique.

In terms of the scale of slaughter, there have been far worse and more intractable ethnic conflicts between Hutus and Tutsis, or Serbs and Croats. But never before in a modern state has one ethnic group set out, not merely to kill and drive away its enemies, but to harvest their heads, eat their hearts, and ritually drink their blood.

West Kalimantan is alive with rumours about the power and effects of Dayak war magic and, for the visitor, it makes a creepy situation creepier still. Invulnerability to modern weapons is the commonest story: in Pontianak, a modern commercial city of some 400,000 people, every waiter and taxi driver has a friend in the military who saw the bullets bouncing off the advancing Dayak hordes. Eyewitnesses, like the teacher from Salatiga, are rare but belief in such phenomena is widespread, even among the best educated.

In a small town outside Pontianak I visited Father Andreus and Father Kristof (not their real names), Dayaks who trained as priests at a Catholic seminary near Jakarta. Both saw the trophy heads, and the mutilated bodies lying on the road, and it was from them that I heard about the mysterious character who leads the war parties – the *panglima*, meaning "general", or Dayak war magician.

They told me how the *panglima* summons bees to attack the soldiers, and how he can fly, and behold his enemies with the stroke of a leaf from a certain tree. How a pair of army officers in the north died vomiting blood after a curse was placed upon them, and how the psychiatric wards are filled with soldiers unharmed by what they have seen. "I've talked to soldiers who have served in East Timor and have served in East Java," says Father Andreus. "They are tough men. They have killed and been shot at before, but they say that they have never been more scared than they were by the Dayaks."

In Sanggau, a river city deep in the interior (the story goes), a small group of Dayaks was crying for the blood of six Madurese who were under guard in a small military out-

post. The soldiers successfully fought them off, until the *panglima* arrived at the head of an army of thousands of warriors. Hopelessly outnumbered, the soldiers handed over the doomed Muslims and surrendered. But the *panglima* was alone: there was no Dayak army. The warriors at his side were *teru*, spirits of war and killing, made visible in the minds of the soldiers by the *panglima*'s incantation.

Father Kristof showed me a collection of magical and medicinal substances given to him by Dayak parishioners, including a plastic face lotion bottle filled with black poison for arrows and spears, and dried leaves which provide immunity from the blows of the machete. "We don't believe these things," said Father Kristof, "but they happened. You read about it in old accounts from the 19th century. Now it's happening again in 1997."

There is the story of a taxi-driver who watched a group of Madurese attempting to kill a lone Dayak. The man was stabbed repeatedly, but the blows had no effect. It was only when they held his face under a basin of water that he stopped moving. Almost always, the accounts are second-hand and vague (perhaps the knives were blunt, or the nervous soldiers simply missed their aim), but they are believed.

"When you are accustomed to using scientific means of investigation, your mind shies away from these things," says a Dayak anthropologist. "But I believe there is a supernatural world. I have to believe it, because I have heard about it from military personnel, policemen, Dayak elders, people in the Chinese community, Malays. It is hard not to believe these people, but it is also hard to believe them."

From the very beginning of the conflict, at the end of last



Warriors at arms: Dayaks in full regalia performing a war dance (above) and polishing more conventional weapons (inset). In times of crisis, tribesmen traditionally pass the 'Red Bowl' to other villages to muster fighters Photographs: Rex Features

year, every village received the Red Bowl, and in 1967 when the government was fighting the communists. Compared to then, this was not a big war; I am very glad that this village did not receive the Red Bowl."

When war does become necessary, the warriors hold secret ceremonies about which there are conflicting reports. Some say that they occur spontaneously, others that they are presided over by local shamans. The *teru*, the spirits of war and chaos are summoned from their homes deep within the interior and enter the hearts of the people – special herbs and infusions may

be possessed, they weren't acting normally. They were completely silent, and then someone screamed, and they all screamed together – 'Woo-woo-woo-woo!' The one who lead them was the *panglima*. I have seen politicians speaking to election rallies, and they are nothing compared to the *panglima*. These people would have done anything he said."

Once in their altered state, the Dayaks behaved with a mixture of restraint and frenzy. Mosques and government buildings were left undamaged (one school was burned, but it is believed that it caught fire from a neighbouring building).

Apart from the Dayaks, there are many Malays and Javanese living in East Kalimantan, as well as Madurese, dark-skinned people without obvious physical differences. But there have been no reports of any non-Madurese being accidentally killed by Dayaks. "The *panglima* have the gift of being able to sniff out Madurese," says the tribal leader. "They can smell them, and they are the only ones that they will kill."

With their victims, however, they were ruthless. Many of the victims were shot rather than stabbed, but after that they were treated according to the oldest Dayak traditions. Their heads were chopped off with the *mandau*, a traditional machete with a bone handle, forged out of local ore. Then their hearts were removed and eaten on the spot.

Possession by the *teru* brings remarkable strength and endurance, not just against knives and bullets. "These youngsters walked from here to Salatiga, several hours through the jungle, there and back," says one priest. "They had nothing to eat or drink, not even water. The *teru* scream and yell inside them, and when they come back, they have lost their voices. The spirit drinks blood, it has to be fed by blood, and they eat the heart directly with the idea that it gives them power. Lungs and the stomach have their own kind of power too, and if someone possessed by the *teru* does not drink human blood, then they have to kill a chicken and use that."

One Catholic priest, who has studied Dayak religion for many years, saw his parishioners returning with at least 20 heads in bags, and believes that there are many more still in his village.

"The heads are brought back and some kind of charm is performed. The head brings supernatural power and protection to the family. Formerly, people kept their heads in a special place in the longhouse, but they can't display them openly now. In some places, they were buried, but here I think that they're hiding them, and continuing to offer prayers."

The local church displays a remarkable tolerance both for the animism of their parishioners, and even for the war on which they have embarked this year.

Among those I interviewed – not just Dayaks, but Malays, Chinese, and Javanese – there was general agreement that Madurese transmigration and government discrimination have pushed Dayak communities further than they can be expected to tolerate.

"It is very difficult to explain," says one priest, "but the people involved in this war did not want it. Anyone will tell you that they are gentle people – even if they killed, they are not killers and murderers."

"They are ignored by the government, they have no positions of political influence in their own country, they have no economic influence. All they have is the land where they have lived for thousands of years – and now the government is trying to expropriate it for transmigration, timber or other commercial purposes."

"If you ask me if this is sin, it is not for me to say. I tell them in church not to murder, and they understand, but this is different somehow. It was not just the *panglima*. There was no leader. These were not individual choices. It was a spontaneous, collective act of self-defence."

"A man once came to me and said, 'Father, why do you pray so hard for things which never come true?' When we pray to the evil spirits, our wishes are fulfilled."



Anger rising: Dayak crowds demonstrating in Senakin village, West Kalimantan, in February

December, Dayak outrage with their Madurese neighbours expressed itself in ritual form with the passing among the different towns and villages of a ceremonial object called the Red Bowl.

"The Red Bowl is a means of communication in time of emergency between one group of Dayaks another," says Pak Miden, a *timanggon* or tribal leader in the Dayak hamlet of Aur Sampuh. "If a *timanggon* receives the Red Bowl then he is obliged to send at least seven warriors to help his brothers. It passes from village to village – during the Japanese occupa-

tion, the magic may lie simply in the shaman's words. There is confusion too, about the nature of the *panglima*. According to some accounts, nobody quite knows who they are – they live as hermits in the mountains and mysteriously appear at just the right moment. According to another tribal leader, however, the spirit of the *panglima* could settle on anyone.

"The *panglima* could be a different person every time," he says. "Until the ceremony and the coming of the spirits, you don't know who the *panglima* is going to be."

One of the mysteries of the

lands or property rights are violated ... What honey bees would not defend themselves when their honey, nests and community members are threatened?"

The photograph above was taken in Senakin village on 7 February as Dayak members of the regional parliament were attempting to pacify a crowd of Dayaks. The man who took it spent the day driving around the villages photographing severed heads and disembowelled corpses.

"This meeting," he says, "was the first time I felt afraid. They were all ready for war, and they



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Uncertainty over Dublin, but also new hope

Viewed from Malmö, or Düsseldorf, Lyon or even London, the election result in the Irish Republic is hard to pin down. Does ideology as it is understood elsewhere really play so little part in the national politics of the Republic – a country that is ostensibly one of the most European of Europeans? In France, as in Great Britain a month ago, the electoral debate is more or less about “big” issues – the creation of a common currency in the European Union, joblessness and its social effects, how to live with globalisation, the proper weight of government in the economy and civil society, decency in public life. Of course these themes resonated in the Republic’s election. But for the most part it turned on personalities and parties differing only a fraction on the big issues, divided only by the obscure history of post-partition nationalism. The governing coalition that has been ejected was reputed both at home and abroad to be doing a reasonable job – the Irish boom continues, even if it fails to wash over those Dublin estates where drugs and crime are rife. Perhaps the Republic’s electorate is indeed more “European” in its enthusiasm to throw serving politicians overboard without entertaining high expectations of their successors.

Making sense of the Irish election result is made difficult because of the operations of its particular brand of pro-

portional representation. The left has just done well in Britain and France. The Republic’s Labour Party – leftwards inclined, up to a point – lost heavily. But why? Was it merely that Dick Spring and his colleagues failed to build up the dense and local constituency loyalty which seems so important in Ireland?

Fianna Fail, the party benefiting from the electorate’s itchiness, promises little identifiable change in social or economic policies. Under Bertie Ahern, the victorious party is “greener” than its old rival, Fine Gael, though Northern Ireland played little obvious part in the contest. Of the principal Irish parties, Fianna Fail seems least able to connect the country’s European-derived prosperity with its relationship with both the United Kingdom and that province of the United Kingdom where sovereignty is disputed and terrorist insurgency still so bloodily active. It is true that in the new electoral arithmetic the fellow-travellers of united Ireland extremism have to be factored in. The voters of Cavan and Monaghan showed their fellow country people in a poor light by electing a Sinn Féin representative, not just because Sinn Féin supports the murder of Irish people, but because it is a proto-fascist party. But does this mean Dublin now threatens to turn a little aside from Europe in favour of a wallow in atavistic nationalism?

That would itself be an extreme judgement. Of course Ireland is not the

only European country where nationalism shapes political choice – look at Italy, or Spain, let alone the appeal of the far right in France. But there is no irreducible problem in Continental Europe to compare with the problem of the Irish land border. The Republic’s politics are “unmodern” in that the mainstream parties are still rooted in their 1920s identities; only the minority parties such as the Progressive Democrats carry genes recognisably derived from the European left-right continuum.

It would be wrong to interpret the result as much of a swing towards

republicanism – while noting the habit of Irish voters who otherwise despise the terrorists to wink at politicians who like to don the green and censure those (such as John Bruton) who attempt to reach out to their Irish fellow country-people in the Unionist community in the North. Post-election rhetoric from Mr Ahern has been ill-advised. To try and make of the British and Irish governments respective “protectors” of the Unionist and Nationalist communities in Northern Ireland is simple-minded – except as an echo of the sort of language which played well in 1923.

Ireland is a small country with a lim-

ited supply of political talent. But even when personnel are thin on the ground, the proposal to resurrect the former Fianna Fail prime minister, Albert Reynolds, as an ambassador rings oddly. His rehabilitation after a spectacular resignation is hardly complete; and even if it were, he remains a party factotum whose appeal to the Unionists must be limited, at the least.

And yet, the broad conditions look more favourable for a push to engage the terrorists/Sinn Féin in talks than they have looked for some time. Here is a new government in Dublin, a newish government in London, with a Secretary of State still enjoying much goodwill. Sinn Féin’s poll victories may help persuade republican leaders of the virtues of democratic politics; the Americans are still around as brokers and instigators of peace. Hence Mr Ahern’s enthusiasm for contacts with Sinn Féin, which antedated the election campaign, and will continue until he becomes prime minister; hence also his body language designed to show Sinn Féin he “cares” by distancing himself from John Bruton’s overtures to the Unionists.

There is, in truth, a lot of common ground between the Blair government and Dublin over pre-conditions for talks. No one is insisting on de-commissioning; there have been goodwill gestures aplenty from the London end. What has the response been? Mo-

Mowlam has already learnt how uncomfortable it is to permit talks with Sinn Féin one week and receive reports on the IRA’s latest bomb outrage the next. Mr Ahern is welcome to try his hand but no government, north or south, can negotiate with a movement that claims the right to leave bombs even as its representatives enter official committee rooms.

Drunk? Maybe, but not in charge

By their drinks parties ye shall know them. The Tory Party is in such a state at the moment that it would not be altogether surprising if some backbench MPs did actually make their minds up on the basis of the plonk offered them at the respective candidates’ bushes. Peter Lilley may scarcely fizzle, but full marks for his extra brut. Michael Howard might have a touch of the night about him (©Ann Widdecombe) but his Reilly shines. As for Ken Clarke, yes, he did offer proletarian beer at his do, but only a man with his pulse on the Midlands would rustle up Home Ales all the way from Nottingham. Of course in this post-Nolan, post-litton era, Tory MPs are not to be bought. But, as the old adage goes, a palate tickled is a vote nearly won.

LETTERS TO THE EDITOR

Why Britain needs the Eurofighter

Sir: Polly Toynbee’s article “What defence toys really cost us” (9 June) suggested that the Government was buying Eurofighter as a job-creation scheme and that there was no longer a need for a fighter aircraft. Nothing could be further from the truth.

The British government is buying Eurofighter because, in an uncertain world where we face a variety of risks to British interests and where highly sophisticated combat aircraft are widely available, we need the flexible multi-role capability that Eurofighter will provide. Eurofighter will be able to contribute both to achieving air superiority – crucial to the protection of our forces from air attack – and to ground-attack operations.

Contrary to what Polly Toynbee says, recent operations in both the Gulf and Bosnia have underlined the need for both these capabilities. Indeed, the avoidance of aerial combat in the Gulf War – far from assured at the outset – demonstrated just how successful coalition forces were in establishing air superiority. The extensive operational analysis that has been conducted has conclusively demonstrated that the multi-role capability of Eurofighter is by far the most cost-effective solution to our needs.

It is, of course, true that Eurofighter will sustain many thousands of jobs and is crucial to the future of the UK and European aerospace industry. It is, however, being bought in order to provide the Royal Air Force with the equipment it needs to carry out the operational tasks required of it.

GEORGE ROBERTSON
Secretary of State
Ministry of Defence
London SW1

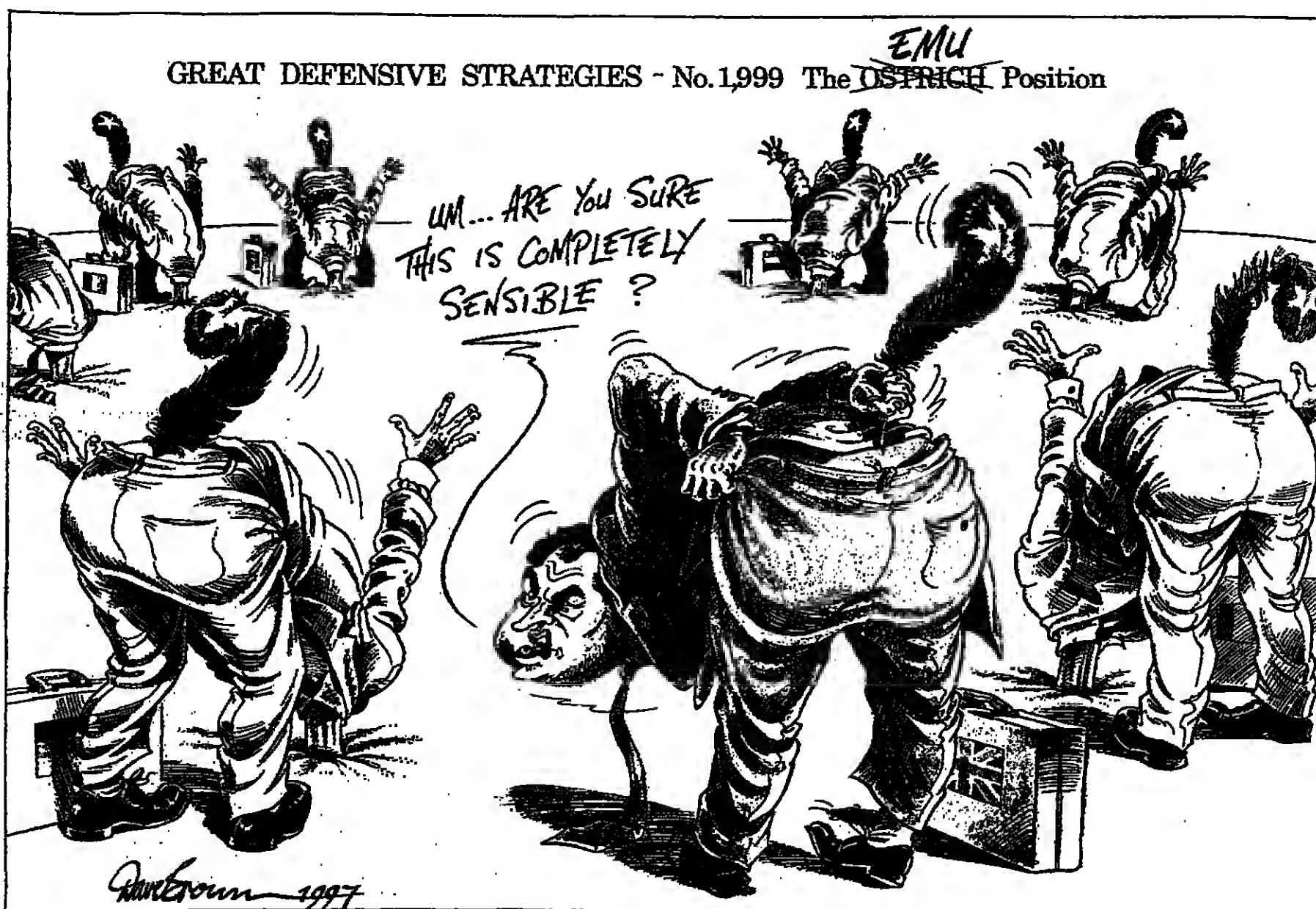
Reforming macho police culture

Sir: Your article describing the experiences of female police officers (“Safe in the long arms of the law?”, 5 June) makes horrible reading, but it seems that what Patricia Wynn Davies is reporting is something more than simple sexist behaviour by some male officers.

In 38 years of work, beginning as a shopfloor apprentice and ending up as president of the US division of a high-technology company, I have worked with many women at all levels and have never seen behaviour towards women like that described in this article.

These same officers who subject their female colleagues to such behaviour are the very same people who are authorised to stop our young men in the street for “routine questioning”, to demand production of driving documents after “routine stops” on the highway in the dark and to report members of the public for prosecution.

There are many innocent members of the public who have very bad experience of the police and their “one for all and all for one” culture of covering up deviant behaviour. Ethnic minority and female officers have done what the rest of us cannot. That is, expose the fact that it is time for a root-and-branch overhaul of the organisation, management and oversight of our police forces, including the removal of the



responsibility of investigating themselves.
MICHAEL CASSIDY
Newcastle upon Tyne

Sir: It is apparent from your disturbing article that a police force which is guilty of so many acts of discrimination and sexual harassment against its female officers is in need of major reorganisation. It is essential that the police should set high standards of behaviour, both to maintain morale in the force and to win the respect of the public, especially as the last government greatly extended police powers in a way which seriously threatens our basic liberties.

Although it is essential if liberty is to be preserved in this country that a proper constitution and a Bill of Rights should be introduced, we clearly require, on the grounds of efficiency, a national police force to cope with serious crime and terrorism and to ensure high ethical and educational standards. Having 43 separate police forces prevents much-needed reforms.

A nationally organised police force would and should be responsible to a minister. Local quangos cannot exercise sufficient control over the “guardians of the law” who are not in practice accountable to any elected body or open to independent inquiry and who, it seems, are deeply infected by pseudo-macho boyishness.

DAVID J POWELL
Whitstable, Kent

Sir: You will be aware that two industrial tribunal cases involving allegations of sexual harassment within the West Yorkshire Police have attracted much speculation and adverse comment. To redress the balance somewhat, I quote from

the judgment in the case involving PC Brennan and PC Bridle. We are satisfied that from 1989 onwards the West Yorkshire Police has consistently followed a policy of presentation, education and training with regard to matters of discrimination both racial and sexual.

West Yorkshire Police went to considerable lengths to ensure that any member of the force who might feel that he or she was subject to discrimination, whether racial or sexual, had an avenue of complaint. Further it was made abundantly clear to officers that any such complaints would be treated most seriously.

I would also take the opportunity to commend the courage shown by colleagues of the officers involved in this case who have testified in very trying and testing times.

GREG WILKINSON,
Assistant Chief Constable, Personnel
West Yorkshire Police
Wakefield

Sir: Sexual victimisation is about power and numbers. Male teachers are not free from sadism, prejudice and testosterone but in 34 years teaching in mixed schools I was never aware of a complaint of victimisation by female staff. Why? Because women formed a powerful pressure group in every staff room. They often outnumbered the men: no head could afford to ignore their power and numbers.

Both the police and the services made the mistake of introducing women into units in small numbers, instead of first flooding selected units with them.

KEN CLARK
Bedford

Biotech patents hamper research

Sir: Your article “The mouse that roared” (4 June) exposes the tip of an iceberg that is floating ominously into European waters, but one that we still have an opportunity to redirect.

The umbilical cord patent granted to Biocyte is one example of a growing trend by companies and universities now trying to patent cells, genetic sequences, plants, animals and human body parts which will have far reaching implications.

At least the patent granted to Biocyte Corporation can be challenged. However, if the directive on biotechnological inventions which is currently being considered by the European Parliament has its way, then it will be much more difficult to challenge this sort of ruling.

Monsanto has patented a soya bean seed that could in effect prevent other companies or NGOs working on soya bean seeds.

Du Pont has patented the nematode – an important breakthrough in cancer treatment – in such a way that all similar work on any mammals or rodents will be barred.

Myriad Corporation have applied for a European patent on a linked breast and ovarian cancer susceptibility gene. This, if granted, would gain them control over all possible diagnostic and therapeutic applications of this gene. All cures for breast cancer would either have

to be licensed by Myriad or royalties made payable to them.

The patent holder would have the power, for 20 years, to decide whether to allow further research and development, licensing the results. Or it would be able to deny the opportunity for any further work.

This patenting of the essence of life itself must not be allowed to pass unchallenged. The European Commission’s proposals should be challenged by writing to MEPs.

SAM CLARKE
Oxford

Sir: Neither of the letters you printed (6 June) in response to “The mouse that roared” raised the matter of consent – particularly pertinent given the case of Diane Blood and her husband’s sperm.

I had a baby last year and I am appalled to learn that tissue taken from my body was used to inflict suffering on laboratory animals without anyone considering that I might like to have been consulted first. I am fully in favour of medical research on human tissue, but not if it involves the suffering of other creatures.

Even if umbilical material is argued to belong to the baby, who cannot make a decision, the issues raised are essentially the same as in the question of sperm removal from a dead man where prior consent has not been obtained. At the very least I should surely have been consulted as the child’s legal guardian.

JUDITH FOIDL
Tadworth, Surrey

Keep your tonsils if you can

Sir: Your article about tonsillectomy (“When pain is hard to swallow”, 3 June) might benefit from an overview of the research evidence.

For an operation that has been carried out for over 2,500 years there is pitifully little decent evidence that it is effective. There have been no studies which show that tonsillectomy reduces throat infection in children over 15 or in adults. Your article correctly identifies the one reasonably well-designed study which showed that children who had their tonsils out had fewer throat infections in the next two years.

However, on average, the children had two fewer “moderate or severe” throat infections in the next two years. They did not take less time off school and children on average take one or two weeks off to recover from the operation. To even be considered for tonsillectomy in this trial, children had to have suffered from seven fairly severe throat infections in one year, or five a year for two successive years or three a year for three successive years. So if you have had this many throat infections it might be worth having your tonsils out – if you can afford the time off school and you think that the operation is not as bad as two throat infections.

Given the lack of evidence to support the enthusiasm with which ENT surgeons advocate this operation, it is difficult to agree with the suggestion that “the pendulum has swung too far”.

TOM MARSHALL
Specialist Registrar in Public Health
Medicine
Northamptonshire Health Authority

Reasonable pay for paper-pushers

Sir: Paul Barraclough’s letter (9 June) is wrong-headed. He makes the mistake of comparing the pay between his one civil servant and three private-sector sons in order to judge what is “reasonable”.

Whether a job is reasonably paid depends on the nature of the job. What do Whitehall civil servants do? If his son is, as Mr Barraclough describes him, a “senior” civil servant, he must be earning something between £40,000 and £60,000. This is for a job which (I speak from experience) largely involves sitting at a desk, checking drafts of junior officers’ reports, letters and briefings; going to meetings; ploughing through reams of paper; defending policies you may or may not believe in; and, occasionally, having to calm down a bolshy senior colleague or minister. A first-class degree from Oxford, as Mr Barraclough implies, is helpful if all this is to be done efficiently and effectively.

Take nurses, junior hospital doctors, agricultural workers, teachers, miners, sewerage workers and social workers. These are just some people employed in professions which involve a good deal more stress, effort and/or unpleasantness than being a Whitehall civil servant, for a good deal less money. How “reasonable” is that?

SIMON LAWTON SMITH
London SE13

Tories: a party or a think-tank?

Sir: There is a choice for the Conservative Party. Do they want a reasonable chance of winning the next election or do they want no chance?

Michael Howard, Peter Lilley and John Redwood will never appeal to enough of the electorate, whilst William Hague is both too like Major and too inexperienced. Ken Clarke, however, is widely admired in the UK both for his natural charm and for his time as Chancellor. He would be a refreshing and serious combatant to the flashy Tony Blair. Do the Conservatives care about power or are they content to let the party dissolve into right-wing think-tanks?

TOM KENYON-SLANEY
London W6

Not hereditary

Sir: Your obituary of Ronnie Lane (6 June) said he was expected to die from multiple sclerosis, as his mother had also suffered from MS. The MS Society and many MS experts stress that there is no proof that MS is hereditary. I hope this will comfort other descendants of MS sufferers.

R S JAMES
Lossiemouth, Moray

At last, the cure

Sir: I have been infested with “earworms” (Letters, 3.5.6.7 June) for years but recently I have found a cure. A particularly bad infestation, such as Barry Manilow’s “Copacabana” can be eradicated by singing in your head something else which is simple, say from your childhood. Mine is “I Could Have Danced All Night”, but anything you know very well will do. Having cured the symptoms it should be easy to stop taking the medicine.

ROBERT G BREW
Worthing, West Sussex

analysis

Albert Reynolds was a key figure in the 1994 IRA ceasefire. Now that his Fianna Fail party is set to return to power, we assess (left) whether as 'peace envoy' he can bring about a peace process mark two, and (right) the role of Mary Robinson in a modernised Ireland.

by David McKittrick

The return to power in Dublin of Fianna Fail makes a renewed IRA ceasefire more likely, certainly in theory and probably in practice. The word "probably" is there because the inner workings of the IRA and Sinn Féin remain as mysterious as ever.

No one really knows whether the republicans are ready to repeat the 1994 ceasefire exercise: the generality of their supporters certainly want and indeed expect it, but whether the IRA's military bosses are ready to give the word is more problematic. The expected elevation of the Fianna Fail leader Bertie Ahern to the position of Taoiseach (prime minister) will certainly strengthen the case of those republicans who argue for peace.

The southern Irish view of the northern Ireland peace process is a paradoxical one. During the election campaign the issue featured hardly at all; when it comes to the north, the strongest ambition of most southerners, on the surface at least, is to hear no more of it.

Yet the southern electorate is very canny and highly politicised, voters there keeping a weather eye on what is going on in the ever-troubled north. Thus, when an opinion poll asked which of the parties would best handle the issue, 43 per cent said Fianna Fail, as against only 22 per cent who opted for John Bruton's Fine Gael.

While there is no evidence that this judgement swung any appreciable number of votes, it may well have informed the views of those choosing between a Bruton-led or an Ahern-led administration. It certainly seems to suggest widespread support for the view that the last Fianna Fail-led government, under Albert Reynolds, gets credit for helping to start the peace process. John Bruton, by contrast, scored low on the issue.

Although the last ceasefire ended violently, with huge bombs at Canary Wharf and Manchester, the manifestos and campaign statements of all the major parties illustrated the almost universal assumption that the way ahead is through a peace process mark two.

The election of a Sinn Féin TD to the Dail, the first for many years and the first who will ever take his seat, is not



Hands across the divide: Gerry Adams and Albert Reynolds, at talks held in 1994

Can they do it again?

viewed as a sign of any new militancy or appetite for conflict. Instead, this rise in the Sinn Féin vote can be taken as a sign of increasing public approval of the republican refrain that they want peace. In other words, by the same process which recently increased Sinn Féin's vote in the north, some voters are becoming less scared of Sinn Féin and more trusting in their bona fides in the south.

The voters and the parties want a speedy and genuine IRA ceasefire, followed by Sinn Féin entry into talks, followed by the hammering out of a new settlement. That settlement must have something for everyone, since if it does not, violence will erupt again at a later date.

While this was John Bruton's approach as Taoiseach, it seems that he lost marks on several points. The peace process

involved the republican movement, the SDLP and Fianna Fail but not Fine Gael: as such Bruton had no proprietorial feelings towards it, and a fair number of instinctive caveats.

To this lack of empathy was added an alleged inconsistency of approach. Bruton changed his mind at a number of key points, and in doing so alleviated the pressure on London to keep the process moving. Both northern and southern nationalists had become accustomed to a pattern of John Hume and Albert Reynolds maintaining constant pressure on John Major. Under Bruton this chain was broken.

Bruton's style was to seek a consensus with Major and with David Trimble's Ulster Unionists. Here was the crucial difference: Reynolds threw everything into achieving and maintaining an IRA ceasefire,

figuring that agreement with Unionists would have to wait, and would in any event become easier to achieve once the IRA's guns were silenced.

But Bruton's attempts to reach out to Unionist parties dissipated the sharp focus of Dublin's policy and, in part because of this, the ceasefire collapsed. Furthermore, his gestures towards Unionists were not reciprocated. Serious

clashes during the marches at Drumcree and other events illustrated that Unionism was in any case moving to the right rather than thinking in terms of reconciliation. Bruton's vision of himself as Taoiseach of everyone in Ireland, nationalist and

Unionist alike, was rebuffed by Unionists, most of whom do not consider themselves Irish at all.

The relationship between Unionists and Fianna Fail has traditionally been so cool as to be arctic, and there is little prospect of a major thaw in the short term. The signs are that Ahern will follow the Reynolds example and concentrate primarily on achieving a new IRA ceasefire, leaving until a later date any building of bridges to Unionism.

Ahern has spoken of appointing Reynolds, who has just been re-elected to the new

Dail (Parliament), as a sort of peace envoy with a role in rebuilding a peace process. This would probably be welcomed by republicans, who never worked well with Bruton but remember Reynolds as a pragmatist who was prepared to do business with them.

But another ceasefire may not come easily. Even with Reynolds fully on board the process last time around, the 1994 ceasefire took years to bring about. It was preceded by setbacks and outbreaks of violence which on several occasions brought Reynolds and others involved close to despair.

It could be the same again. When republicans asked for direct contacts with the British government, Tony Blair agreed, and Martin McGuinness twice met officials. The republican conditions for a new ceasefire, which include automatic entry into negotiations and the dropping of any idea of prior decommissioning of weapons, are sensitive issues, yet the difficulties they pose are not insuperable.

But the two meetings were followed by two IRA bombing attempts which unexpectedly ended an undeclared seven-week ceasefire. No one was killed, but the intent was clearly murderous, and the attacks

The writer is *The Independent* Ireland correspondent.

Freed from the straitjacket of Irish nationalism

by Rob Brown

As the rival political parties in Dublin haggled for power in the Dail, the Irish President, Mary Robinson, took off to another Celtic land to project a more edifying image of the New Ireland which she has so attractively and effectively symbolised during her seven years as head of state.

The stateless nation of Scotland might seem a strange place for her to spend three of her final days in office, but then Mrs Robinson's marvellous achievement on the diplomatic stage has been to escape from the straitjacket of nation stateism and to inspire her compatriots to think of Ireland as an entity which stretches far beyond Erin's Isle.

As the political theorist Benedict Anderson has convincingly argued, nations are "imagined communities". The Irish community, which Mrs Robinson has imaginatively represented since 1990, is not simply the 3.5 million souls living in the Republic, but the 80 million or so members of the global Irish diaspora, be they in Boston, Kilburn or Glasgow, where she will round off her Scottish sortie tomorrow.

Mrs Robinson arrived in Scotland on Sunday, presiding at a special service to commemorate the 1400th anniversary of the death of St Columba, who sailed to the island of Iona to establish a monastic base and lay down the roots of the Christian church in Scotland. She made her own pilgrimage in a helicopter rather than a coracle, telling fellow worshippers that St Columba "reminds us of how old the links are between Ireland and Scotland".

But the focus of her visit is on the future as much as the ancient past. Yesterday, opening an exhibition on St Columba in Stornoway on the equally windswept western isle of Lewis, she launched an initiative to promote closer links between the people of Ireland and Scotland based on their shared Gaelic heritage. Her announcement was welcomed by the Scottish Office minister, Brian Wilson, who has long championed the Gaelic language cause in the pages of the *West Highland Free Press*.

But Mr Wilson would like to keep the Celtic connections limited to the cultural and sporting spheres. Having been one of the last in the Scottish Labour Party to reconcile himself to the party's policy of devolution - largely for career advancement reasons - he would detest it if Scotland ever broke away from the British state as Southern Ireland did 75 years ago.

Indeed, when he wrote a col-

umn in Glasgow's *Herald* newspaper, Mr Wilson used to warn his fellow Scots that if they went down the separatist road, their country would end up an economic basket case like Eire. He has ceased to peddle that argument in recent times as Ireland's "Celtic Tiger" economy has roared ahead of the rest of Europe.

Ireland is now cited as an inspiring example of independence in Europe by the Scottish National Party, whose leader Alex Salmond never misses an opportunity these days to rhapsodise about the Republic. This represents a major shift for the SNP, which used to point to the prosperous and socially cohesive Scandinavian countries as model mini-states which Scotland should seek to emulate.

Mr Salmond wrote recently



Robinson: a world view Maxwell Picture Agency

in the *Irish Times*: "In Scotland we can only envy Ireland's access to Europe's top table, just as we can only envy Ireland's international visibility in tourism and investment - not to mention the self-respect which go with it."

Ireland's constitutional status calmly contributes to its current national vibrancy. Mrs Robinson acknowledged this on Sunday, telling the Iona worshippers: "In Ireland at the moment it is a very creative time, partly I think because we feel enhanced and reinforced by our membership of the EU."

But Mrs Robinson would never publicly urge the Scots to opt for independence in Europe like the Irish. Don't ever expect her to declare in DeGaullean fashion: "Vive l'Ecosse libre!" not just because she doesn't want to provoke a diplomatic storm between Dublin and London, but because the President of Ireland is, essentially, a post-nationalist.

That enviable outlook is simply not available to stateless Scotland, which slept through the springtime of nations to share in the fruits of the British Empire and is struggling to find a post-imperial role.

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£5,000	12.9%	£268.75	£12,862.50	£7,862.50
£6,000	12.9%	£322.50	£15,405.00	£9,405.00
£7,000	12.9%	£376.25	£17,947.50	£10,947.50
£8,000	12.9%	£430.00	£20,490.00	£12,490.00
£9,000	12.9%	£483.75	£23,032.50	£14,032.50
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Take a pin, and wrinkle out the meaning

"Picture, if you can, a wrinkle ... (Funny start! peculiar, quite.) Picture, if you can, a wrinkle, Marching bravely through the night. Friendless, homeless, homeless, friendless, Friendless, yes, and homeless too. Picture, if you can, a wrinkle, Merry Christmas! Same to you."

The above bit of verse has been running through my mind for the last few days, and I didn't see why I should be the only one to suffer, so I am bringing it to you today. It may, as far as I know, be the only poem about wrinkles in English. Not about shellfish: we already have "The Walrus and the Carpenter", about oysters. Care for some more? The next bit is not about wrinkles, or indeed about anything. "Can you ...? No, perhaps you can't. The question's not a fair one, too. You don't know the circumstances. So of course how could you

Miles Kingston

The days themselves don't know as well.

This wonderful nonsense is well in the tradition of Lewis Carroll and Edward Lear, but, of course, as it is on an Arthur Askey record, and not written by a well-known writer, you will not find it in any anthology. It is, in fact, written by Kenneth Blain. I once asked my old friend Brian Blain, who works for the Musician's Union and knows everything about musicians, what he could tell me about Kenneth Blain, and he said: "Nothing

Let's have a bit more.

"Picture, if you possibly can, a wrinkle ... That last line seems wrong to me. It should be: Picture, if you can, a wrinkle. That's much better. Pardon me! Watch the little children freezing! Keep on watching them, I say. If you don't, the little brats Will pinch your coal and run away."

What a wonderful about all this is that within living memory a well-known record company (His Master's Voice) had the confidence to put out a whole side of a man just reciting. "Unaccompanied talking", it says on the label. In those days people had novelty records and spoken records and doggerel records and Stanley Holloway. When was the last time anyone put out anything like that? Today we are all so cowed by the dreary dictatorship of rock and pop music that nobody dares do anything different. "In the wilds of Piccadilly Dwells a maid with downcast eye.

She is dying of croup and sunstroke. You don't care? No, nor do I. There's a candle on the table, Slowly burning down, you see. Look, it's out! But where's the flame gone? What's the point of asking me? Picture, if you can, a wrinkle. In December's biting breeze, Singing carols at the grocer's. Accompanied by the Sillon cheese. Lonely, oh dear dear, how lonely. Tightly caught in hunger's net. Why so lonely, little wrinkle. Mother's gone to have a wee! I think that must mean. "Have a drink". And so to the final, philosophical verse. "Dwell upon his sad condition He who once was blithe and gay. For, you know, each one of us, May be a wrinkle one fine day. Thank you for listening. Back to reality tomorrow.

هنا من الأصل

business & city

Business news desk: tel 0171-233 2636 fax 0171-233 2098
BUSINESS & CITY EDITOR: JEREMY WARNER

Member of Bank's monetary panel criticises plans for super-SIB

Tom Stevenson
Financial Editor

The proposed creation of a financial mega-regulator came under fire yesterday as leading academics, including a member of the Bank of England's monetary policy committee, warned of the dangers of the Treasury's plans for a super-SIB.

His criticisms came only days after the first meeting of the monetary policy committee at which it was decided to raise interest rates by a quarter point to 6.5 per cent and will come as an embarrassment to Gordon Brown, the Chancellor, who appointed him to the Bank's panel.

Professor Goodhart said he doubted whether a single regulator would be able to effectively oversee the security of the financial system as a whole, the prudential supervision required to prevent individual institutions going bust and the conduct of businesses that would protect individual investors.

Michael Taylor, another speaker at yesterday's conference on financial regulation at the London School of Economics, added there was a danger of the regulatory process becoming a political football. He criticised the Government for announcing the proposed changes without necessary consultation.

He added that putting all regulation under one roof increased the danger of the reputation of the whole body, or the person heading it, being tarnished by even a small number of high-profile failures.

The hostility towards the Chancellor's proposals was in marked contrast to the almost unanimous welcome given to the planned shake-up when it was announced last month. It is the first considered response to suggest the new Government's whirlwind changes might have been made too hastily.

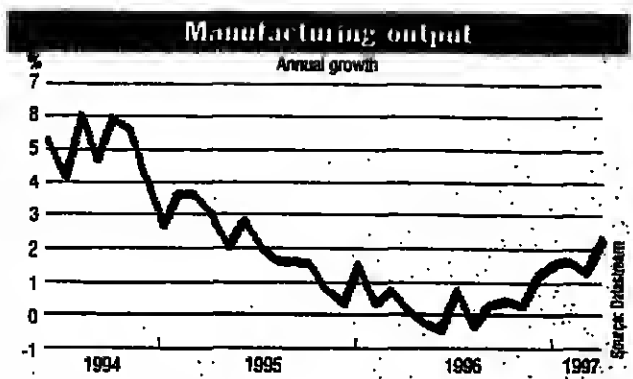
The criticisms of the Government's proposals formed part of a submission to last week's central bank governors meeting at the Bank of England. They were presented yesterday to a group of bankers, regulators and government officials.

Comment, page 21

Output rises despite squeeze on profits

Diane Coyle
Economics Editor

The strong pound has had surprisingly little effect on manufacturing production but is squeezing profit margins, new figures suggested yesterday.



since July 1995, and came as a surprise following the virtually flat first-quarter figures.

There was little sign that export-dominated industries were suffering more than the rest. In the latest three months, production of electrical equipment was up 1.2 per cent and transport equipment was up 2.9 per cent during April.

The broader indicator, total industrial output, jumped by 1.2 per cent during the month thanks also to a surge in oil and gas output and electricity and water supply. Both components are very erratic.

At the same time, prices manufacturers charged at the factory gate rose 0.1 per cent during April, taking their annual rate of increase up slightly to 1 per cent. Although "core" output price inflation, excluding volatile food, tobacco and energy prices, increased a fraction it remained subdued at 0.6 per cent.

The prices paid for materials jumped 0.6 per cent during the month, a bigger-than-expected rise due mainly to higher oil prices and a slight increase in food prices. Its year-on-year pace of decline slowed from minus 10.7 per cent to minus 9.1 per cent in April.

"If people conclude that manufacturers are doing remarkably well despite the pound, they are wrong. There is a lot of pain beneath the surface," said Robert Barrie, chief economist at BZW. The combination of flat output prices and rising volumes indicated profit margins were suffering, he said.

The BRC survey reported that the year-on-year growth in the value of sales on a like-for-like basis increased to 4.8 per cent in May from 4.1 per cent in April, and total sales growth picked up to 8.3 per cent from 7.4 per cent. Both are growing more slowly than a year ago.

Figures on unemployment and earnings, due tomorrow, and retail prices on Thursday, will provide more indications about the extent to which inflationary pressure is building up. City experts expect the underlying inflation rate to remain at its 2.5 per cent target or edge lower, but most predict it will climb later this year.

The pound ended slightly lower yesterday, down two pence against the German mark at just over DM2.79, as the dollar plunged to six-month low against the Japanese yen.

Alongside the surprise jump in output, a separate survey indicated that retail sales growth picked up in May. But the British Retail Consortium (BRC) insisted there was no sign of a runaway boom on the high street.

In the light of this fresh evidence of the economy's robust health, ahead of the Chancellor's Mansion House speech on Thursday, experts were divided in their prescriptions. Some City analysts saw yesterday's figures as a further vindication of the Bank of England's decision to raise interest rates last week.

Michael Dicks, UK economist at Lehman Brothers, said: "All parts of the economy seem to be growing at an above-normal pace."

To head off future inflation the Bank of England would have to raise rates even further unless next month's Budget increased the tax burden, he said.

The BRC yesterday cautioned against a tough Budget. "Retailers accept the need for recent modest changes in interest rates but see no case for tax rises," said Andrew Higginson, chairman of its economic committee.

He said there was little sign yet of a big boost to the high street from building society

windfalls, except in sales of computers.

But others urged tax increases rather than further rises in interest rates, reckoning the balance of the economy was tilted too heavily against industry.

"Growth in manufacturing is decent but there is no room for complacency just because domestic demand is masking the weakness in exports," said Simon Briscoe at Nikko Europe.

Manufacturing output rose 0.6 per cent in April, taking the year-on-year growth to 2.3 per cent. This was the strongest price

BIS says forex markets under threat from EMU

The Bank for International Settlements warned yesterday that the start of the European single currency could trim the size of the foreign exchange market by as much as 10 per cent, writes Diane Coyle. But experts in London, by far the highest currency trading centre and the most vulnerable to a shrinking European market, said much of the adjustment to the euro had already taken place.

In its annual report, the BIS said its latest survey of currency trading around the globe, in April 1995, suggested 10 per cent of the foreign exchange market could disappear. With London accounting for far more trading between EU currencies than either New York or Tokyo, banks in the City would suffer most from any further loss of business arising from monetary union.

The BIS added that this prospective decline would coincide with a squeeze on dealing

margins due to the recent rapid growth of electronic trading. Spot foreign exchange trading via either Reuters or its competitor Electronic Broking Service has grown rapidly, with turnover on EBS climbing from an average of \$20bn (£12bn) daily at the start of 1996 to about \$80bn daily now.

However, foreign exchange specialists in London played down the BIS report, saying much of the EMU-related reduction in turnover had already happened.

Peter Voo Maydell at UBS said: "For all practical purposes EMU started a couple of years ago." He said exchange rate volatility, and therefore currency trading, between the likely EMU members was at its lowest for decades.

Michael Burke at Citibank agreed. "There has been a significant slowdown in the growth of total turnover since the

1995 survey, and the whole of the intra-European bloc has stopped growing," he said.

The BIS surveys of global foreign exchange turnover, which had reached a daily average of \$1.2 trillion in April 1995, showed growth of 45 per cent between 1992 and 1995, and 39 per cent during the previous three years.

Its report yesterday suggested that new business in the foreign exchange markets would come from trading "exotic" currencies. It said the volume of trade in the Indonesian rupiah against the dollar and yen had already reached the volume of Italian lira for German mark trades in 1995.

While the market participants agreed, they said this type of business was starting from a very small base. "These trades are only just starting to appear on the radar screen," Mr Voo Maydell said.

especially the race to meet the Maastricht criteria in Europe, could not be blamed for high unemployment. Governments had to face the fundamental question of whether they could continue to honour all the past promises to protect workers, pensioners and those on benefits and making progress towards EMU was only a secondary consideration.

Hamish McRae, page 24

Report highlights jobless fears

Diane Coyle
Economics Editor

A promising outlook for the world economy is clouded by a "grim" unemployment situation, the Bank for International Settlements said in its annual report yesterday. As EU finance ministers meeting in Luxembourg agreed on the urgency of tackling unemployment, the Basle-based BIS, central bank

to the world's central banks, recommended countries with high jobless rates follow the path of job market deregulation.

It also warned there was a danger that financial markets had overlooked the risk that inflationary pressures might emerge, especially in the US.

Wim Duisenberg, BIS president, said: "The question is whether the macroeconomic risks have been correctly eval-

uated and factored into asset prices or whether the materialisation of any of them could trigger some broader form of re-trenchment."

The report concluded that economic prospects were the most promising for some time. It welcomed governments' general commitment to price stability and their efforts to cut budget deficits.

But it said these efforts, and

BAA hampered by £40m charge for Terminal 5



Giving down: Sir John Egan's bonus fell by 18 per cent to £109,000

Photograph: PA

Group denies trade-off deal with Government

Chris Godsmark
Business Correspondent

BAA, the privatised airports group, yesterday softened its public opposition to the Government's planned windfall tax, claiming the prospect of a playing down the levy in a move which distanced the company from the hard line taken by British Telecom.

Though BAA was studying the legal position on the tax, Sir John Egan, chief executive, denied the company was seeking a deal with the Government to reduce its contribution in return for stepping up its investment in public transport infrastructure at Heathrow Airport.

"We are not involved in any kind of trade-off," he said. "It's very difficult to get belittled when you haven't seen the actual law. We can't possibly plan for something we know absolutely nothing about."

Last month BAA issued a strong attack on the tax on the

day BT warned it may mount a court challenge. The two privatised companies have insisted there are no windfall profits, and have not made windfall profits, and have not made windfall profits, and have not made windfall profits.

Sir John pointed to BAA's investment record yesterday with a £500m-a-year capital spending programme which substantially outstripped the group's profits for last year of £444m before exceptional charges, an increase of 10.2 per cent. Capital spending in the year to March rose by 3.3 per cent to £496m, of which £111.6m went on the first rail link to Heathrow, due in service next summer.

BAA pledged to raise investment at Gatwick from £59.6m last year to £70m in response to the 6.9 per cent surge in passenger numbers to 24.6 million. Gatwick's growth outstripped Heathrow's as British Airways moved long-haul African flights there. Growth at Heathrow fell from 5.3 per cent to 2.4 per cent.

The main success story was Stansted, which broke even last year for the first time before including interest charges, making a small profit of less than £100,000. Passenger numbers rose by 19.2 per cent and BAA said it would raise investment at Stansted to £15m this year, to build a second "satellite" mini-terminal.

Headline profits were hit by a £40m exceptional charge covering interest costs on Terminal 5 at Heathrow which had previously been capitalised through the group's balance sheet. A further £13m of interest costs for last year were also added, reducing profits after write-offs last year to £407m, a drop of 2.6 per cent.

BAA published its annual report to shareholders on the same day as revealing its results. It showed Sir John's bonus fell last year by 18 per cent to £109,000 after a drop in BAA's earnings per share. Sir John's total pay fell by £1,000 to £592,000.

Windfall tax 'will hike bills' of Hyder customers

Sameena Ahmad

Hyder, the Welsh water and electricity utility, warned yesterday that the government's windfall tax could mean higher bills for its customers and a cut in spending on cleaning up beaches. In a shot across Labour's bows ahead of the Budget on 2 July, Hyder's chairman, Iain Evans, said that an excessive or unfairly distributed tax would force Hyder to re-examine its voluntary annual £9 per customer rebate and an extra £40m in discretionary spending on making Welsh beaches the cleanest in Europe.

Graham Hawker, chief executive, said: "We would be very loathe to withdraw our rebates to customers, but if the tax is excessive, we will have to think again." The group may get a "double whammy" tax hit after Welsh Water bought electricity group Swalec 15 months ago.

Mr Evans said that his consumer friendly image would mitigate. "There wouldn't be a windfall tax if every water company had the same relationship with its customers as we do. We have not had a hosepipe ban in seven years. We're confident that a sensible government will take into account our customer-oriented image."

Speaking at its full-year results, Mr Evans said that an unfair windfall tax would be calculated on total shareholder returns rather than published information such as turnover or operating profits. "I don't see how a tax based on shareholder returns would work. The key to all this is keeping it simple," Robert Miller-Bakewell, analyst at NatWest Securities, said that the level of tax was the huge uncertainty. "If it's around £200m, then I suppose Hyder will pay up and get on with life. Much above that and the company might start cutting its customer rebates." A £300m hit to Hyder would imply an overall windfall tax of around £10bn.

A spokesman for Labour would not comment on the form of the tax or whether the impact on companies would be revealed in the Budget. "Whether Hyder put up bills is a matter for them and their customers."

Hyder's full-year results showed that operating profits rose from £129m to £284m, including a first full-year contribution of £110m from Swalec and the dividend was increased by 13 per cent to 43.9p. Mr Hawker said that operating two utilities in the same geographic region had enhanced earnings by over 17 per cent.

The company said profits from Hyder's non-regulated business - customer services and managing transport and utility projects as majority stakeholder in the UK Highways consortium - would underpin dividend growth.

STOCK MARKETS

FTSE 100

Year	Index
1995	4500
1996	4600
1997	4686.70

Dow Jones*

Year	Index
1995	7100
1996	7200
1997	7435.78

Nikkei

Year	Index
1995	14000
1996	14500
1997	17303.85

*Year based data 8 graphs at 1200 lines

FTSE 100 Index Data

Indices

Indices	Close	Day's change	Change(%)	1996/97 High	1996/97 Low	Yield(%)
FTSE 100	4686.70	+41.70	+0.9	4688.90	4056.80	3.50
FTSE 250	4484.10	+10.90	+0.2	4729.40	4482.00	3.64
FTSE 350	2265.20	+17.30	+0.8	2272.10	2017.90	3.53
FTSE SmallCap	2279.49	-0.89	-0.0	2374.20	2178.29	3.09
FTSE All-Share	2222.17	+15.76	+0.7	2230.88	1989.78	3.50
New York *	7488.63	+52.86	+0.7	7435.78	5032.94	1.70
Tokyo	20223.82	-261.93	-1.3	20611.56	17303.85	0.81
Hong Kong	10225.00	closed	-	14990.90	12055.17	2.91
Frankfurt	3667.43	-27.88	-0.8	3686.29	2848.77	1.47

Source: FT Information

INTEREST RATES													
Short sterling*		UK medium gilt*		US long bond									
Index	Close	Day's change	Change (%)	1996/97 High	1996/97 Low	Index	Close	Day's change	Change (%)				
UK	6.50	7.06	7.11	6.09	7.18	8.20	US	6.59	6.13	6.51	6.95	6.90	7.07
Japan	0.47	0.81	2.47	3.24	-	-	Germany	3.06	3.28	5.79	6.56	6.58	-
*Money Market Rates													
*Bond Yields *													
Based 10/26/97													
Index	1 Month	1 Year	Medium Bond (%)	Year Age	Long Bond	10 Year Age							
UK	6.50	7.06	7.11	8.08	7.18	8.20							
US	6.59	6.13	6.51	6.95	6.90	7.07							
Japan	0.47	0.81	2.47	3.24	-	-							
Germany	3.06	3.28	5.79	6.56	6.58	-							
Wealthtrack features													
MAIN PRICE CHANGES													
Index	Price (p)	Change (p)	Change (%)	Falls	Price (p)	Change (p)	% Change						
BK of Scotland	394	19.5	5.3	Natl Westminster	816	35.5	4.5						
Reuben	275	12.5	4.8	Cairn Energy	513.5	21	4.3						
Yorkshire-TTV	1160	52.5	4.7	Delta	302.5	13	4.1						

CURRENCIES

£/\$

£/DM

£/¥

Source: Reuters info and 10 West End at 1200 hours

Pound

	Yesterday	Change	Year Ago
£ (London)	1.6342	+0.077c	1.5417
N York/£	1.6280	-0.75c	1.5410
DM/£	2.7320	-2.76c	2.9557
¥/£	164.258	-33.49c	198.122
Index	98.0	-0.45	86.3

Dollar

	Yesterday	Change	Year Ago
£ (London)	0.6119	-0.13	0.6486
DM (N York)	0.6150	+0.28	0.6489
¥ (London)	1.7085	-2.04pt	1.5345
¥/£	112.750	+2.615	109.050
Index	101.9	+1.0	97.4

OTHER INDICATORS

	Yesterday	Day's change	Year Ago	Index	Latest Yr	Next Figs
Brent \$	17.32	-0.49	17.55	RPI	156.3 +154c	150.9 19 Jun
d \$	344.05	-4.00	388.20	GDP	109.7 +2.66c	107.0 25 Jul
£	210.53	-1.11	242.78	Base Rates	- 6.25pc	6.75 -

C&W in phone assault

Cable & Wireless Communications (CWC) yesterday revealed the first phase of its assault on the UK telephone market, offering some of the first "hundred" price packages for fixed phone lines, writes Chris Godsmark. The group, created out of the merger of Mercury, Nynex CableComms, Bell Cablemedia and Videotron, also pledged to refund twice the difference if customers found they were paying more than they would with British Telecom.

The price packages offer existing cable area customers 100 minutes of free local evening calls a month, backed by a £45m advertising campaign. Some packages include free voice mail and national calls, one-third

cheaper than BT's standard tariff. Though some prices have fallen in the new tariff, some have risen, leaving the overall package "revenue neutral", the company claimed.

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COMMENT

'Regulation has become a political football where what matters is being seen to do something about vote-winners like the pensions mis-selling scandal, rather than putting in place a more efficient and equitable system of City supervision'

Support for super-SIB is lacking in substance

Between writing a hard-hitting criticism of the Government's proposed changes to City regulation and actually making public his thoughts yesterday, Professor Charles Goodhart picked up the phone from Gordon Brown and accepted a place on the Bank of England's new monetary policy committee. He should be applauded for not letting political patronage get in the way of telling it how it is.

Not that the reservations he and his academic chums express about the planned super-SIB will make a blind bit of difference. Regulation has become a political football where what matters is being seen to do something about vote-winners like the pensions mis-selling scandal, rather than putting in place a more efficient and equitable system of City supervision. What he has to say bears some scrutiny, but it won't receive the credit it deserves round at the Treasury.

The arguments for a single, all-encompassing regulator are superficially appealing, but scratch the surface and there is little substance. Organisational neatness is no substitute for effective regulation and is certainly unlikely on its own to create it. There is no reason to believe that a single regulator will have any clearer understanding of its objectives than do the present legion of different regulators.

Even more of a concern is the danger that distinctions that must be made, such as between the wholesale and retail markets, will be fudged and confused. The enforcement mentality that is appropriate to a

watchdog tasked with guarding small private investors would be wholly inappropriate to the supervisor of wholesale practitioners for whom the ultimate sanction is to up sticks and head off to a less onerous market.

There are plenty of other reasons to believe the Government has jumped feet first into a morass of complexity without fully thinking through the consequences. The reputation of a single monolithic regulator could be irreparably damaged by a couple of high profile failures, while management faces a real prospect of becoming dangerously overstretched. Howard Davis faces a very great challenge in reconciling these differing needs and objectives under one roof.

Abbey is wise to avoid NatWest's problems

At last, a businessman prepared to kick against the fashion for more and more cost cutting consolidation in industry and finance. Or is he? Peter Birch, chief executive of Abbey National, is reported in a Sunday newspaper as being alone on the Abbey National board in supporting a merger with National Westminster Bank. He then went on to insist that the board was unanimous in rejecting the idea, and indeed eloquently puts the case against ever even considering it.

But just in case he's still in two minds about the matter (and the stock market certainly believes he might be), here's some

humble advice to him and anyone else still tempted by the mega-merger strategy. Though such mergers are capable of sometimes delivering significant value to shareholders, they are also nearly always against most other interests. All kinds of weird and wonderful theories and synergies are generally wheeled out to help justify deals of this kind, but generally speaking the bottom line benefit is cost cutting and little else.

There's nothing wrong with this purpose as such, for if professionally executed, cost cutting helps improve competitiveness, as well as yielding a big one off gain for shareholders. Whether through merger or on their own, all banks will be forced to take an axe to costs over the years ahead. Furthermore, banking has become a business so open to new competition and new entrants that it is hard to argue from a public policy perspective that this is a merger that should be blocked on competition grounds.

But often the pain of such mergers is scarcely worth the gain and nearly always they are defensive in nature. They are about propping up and defending market share, rather than carving out new markets and opportunities; they are about management which have run out of ideas and vitality, desperately casting around for ways to satisfy the City's insatiable appetite for change and value; they are about empire building and bonuses and more often than not, they are about crunching the customer, at least in intention even if in practice this purpose too usually proves a fruitless one.

There is no earthly reason why Abbey National should be considering such a cynical strategy. Since flotation it has done spectacularly well, for its shareholders and everyone else with an interest in its welfare. It will be hard to maintain that rate of progress but shareholders can still look forward to good, above average growth. National Westminster Bank, by contrast, is seen to be a company in some difficulty, a medium-sized player in a number of different and highly competitive markets. Probably it does need to do something, but Abbey would be well advised not to get mixed up in somebody else's problems.

The euro traders that didn't bark

For Sherlock Holmes, the most significant clue was the dog that didn't bark in the night. One of the oddities about the past two weeks' drama over the single currency has been the absence of any dramatic reaction in the bond and currency markets to developments in France and Germany. It is the traders in the financial markets, often characterised on the Continent as nasty Anglo-Saxon speculators, who have not been barking.

Why not? Why has there been virtually no market reaction to the most serious threat so far that monetary union will not go ahead as planned? Why are the speculators not out in strength, generating tur-

moil, trouncing the euro and driving currencies and bonds everywhere? And why were they so sanguine about the new warning from the Bank of International Settlements that EMU could wipe 10 per cent off foreign dealings?

The great detective provides the answer. If the dog has not barked, there is a reason for it. The solution to the euro mystery lies in the fact that fundamentally there has been nothing new to react to.

For as far as the markets are concerned, the euro is literally history. The kind of convergence in bond markets and dampening of currency volatility that has taken place since 1993 is based on genuine economic convergence and genuine policy commitments. The similarities between the core EU economies are now greater than their differences. The commitment of their governments to meeting the Maastricht criteria because this is the sensible policy has not wavered.

The gap between Theo Waigel and the new socialist Finance Minister in France, Dominique Strauss-Kahn, over how strictly to apply rules for budget deficits distracts attention from the fact that both believe in running prudent budgets. Italy's failure to make the fiscal grade on time does not mean that the Italian government has shrugged its shoulders in true Latin style and given up the effort. It will carry on struggling. Now if and when that changes, then the dogs really will begin to bark and the speculators will move in for the kill. But for the time being there is no underlying reason for a big correction.

Microsoft invests \$1bn in leading US cable operator

David Osborne
New York

Offering further evidence of its determination to wield influence in every sphere of media distribution, Microsoft yesterday unveiled a \$1bn (£611m) investment in Comcast Corp, one of America's largest cable television operators that it is valued at almost \$7bn.

The deal provides Microsoft's Bill Gates with an additional avenue to penetrate the front rooms of the American consumer, not just through software on their personal computer but also via television screens.

The move comes on the heels of the launch last year of Microsoft's joint venture 24-hour television and online news service with NBC, called MSNBC, as well as its agreement earlier this year to acquire WebTV, which makes the set-top hardware to bring the Internet on to ordinary televisions.

On a more technical level, the stake in Comcast gives Microsoft access to its highly advanced broadband distribution network. Compared with the low bandwidth of traditional telephone lines, the coaxial television lines allow for the transmission of huge quan-

tities of data and interactivity with the consumer.

"Our vision connecting the world of PCs and TVs has long included advanced broadband capabilities to deliver video, data and interactivity to the home," Mr Gates said yesterday. "Comcast's integrated approach to cable distribution, programming and telecommunications complements that vision."

Among the immediate potential benefits for Microsoft is the additional scope offered by Comcast to distribute its own online information service, the Microsoft Network, which competes with CompuServe and America Online.

Meanwhile, the partnership with Comcast should give Microsoft new influence in the development of high-speed data transmission to television viewers. Comcast is a partner in the @Home Network, an online service aiming to use cable modems to send data on cable systems.

Based in Philadelphia, Comcast is a fiercely independent, family-owned corporation that also owns the QVC shopping network and wireless telecommunications operations along the eastern seaboard. By embracing Mr Gates, the company gains a substantial infusion of capital and the ability to offer new, Microsoft-generated services to its customers.

Offering his own reaction, Brian Roberts, the Comcast President, said the deal would "help us facilitate the deployment of high bandwidth applications and lead to more sophisticated services". While fourth in size behind its rivals Cablevision, TCI and Time Warner, Comcast is a huge cable operator with 4.3 million subscribers country-wide.

With successive forays first into WebTV and now Comcast, Mr Gates is spreading his bets by ensuring he has the means to control not only the distribution pipeline for high-speed data transmission but also the technology to translate into pictures and sound on traditional televisions.

News of the Microsoft deal, boosted Comcast shares. In early Nasdaq exchange trading, Comcast jumped \$3 to \$21.25. Microsoft slipped by \$1.0625 to \$123.

Separately yesterday, Cablevision Systems announced it was acquiring 10 key cable distribution systems in the New York area from TCI. The deal gives Cablevision a large footing in the New York market and helps TCI simplify its complex web of cable holdings.



Watching brief: DTI minister Nigel Griffiths has asked for an OFT review of pump prices

DTI seeks petrol price review

Chris Godsmark
Business Correspondent

The Office of Fair Trading has been asked by the Government to look again at whether petrol price wars are driving independent garage owners out of business, in a wider investigation into predatory pricing allegations.

Nigel Griffiths, consumer affairs minister, has asked John Bridgeman, head of the Office of Fair Trading, to review the petrol market, which was transformed early last year when Esso, the market leader, cut its

charges in its Price Watch campaign. "The OFT is looking at whether independent retailers are being squeezed out of the market by predatory pricing," said Mr Griffiths. Another controversial topic due for consideration by the Department and Trade and Industry was newspaper pricing.

Esso is said to have lost £200m last year after launching Price Watch, which matches prices at the supermarkets. It brought an industry-wide bout of price cutting which cost British Petroleum £80m. Last year a further 1,500 indepen-

dent sites closed, leaving just 8,343 compared with more than 30,000 in the 1960s. Mr Griffiths said he would wait for the OFT's advice before considering action. Measures to curb restrictive trade agreements were to be included in the competition bill, planned to come before Parliament by October.

News of the petrol price investigation was welcomed by independent retailers yesterday. James Frost, chairman of Save, the renamed Frost Group, with 614 sites, said he had been disappointed by the OFT's previous reluctance to intervene.

IN BRIEF

BankAmerica buys investment firm

BankAmerica is buying Robertson Stephens & Co, the San Francisco-based investment banking and investment management firm, in a deal valued at up to \$540m (£330m). BankAmerica said the transaction was structured so that a substantial portion of the payments would be used to retain more than 60 key Robertson Stephens officers for at least three years. "We expect, with this addition, to build a platform from which to offer our clients a broader range of equity underwriting and other investment banking and investment management services than we are currently able to provide," said David Coulter, chief executive of BankAmerica.

Pearson drops out of magazine talks

Pearson has withdrawn from negotiations over the acquisition of the Institutional Investor magazine group because it felt it was not possible to make the deal fit with the group's criteria of producing adequate return for shareholders. Pearson was believed to be the front-runner to buy the US financial magazines group after Euromoney reportedly dropped out of the auction process.

UBS buys Mister Minit chain

The Mister Minit chain of shoe repair bars has been acquired by UBS, the Swiss bank, for an undisclosed sum. Mister Minit was previously owned by US businessman Donald Hillson Ryan. It has 4,000 shops in 26 countries including 480 in Britain. Last year the business had sales of \$500m (£306m). UBS plans to expand the Mister Minit chain with a view to seeking a stock market listing in London or Amsterdam within five years.

RMC buys into Croatian cement company

RMC Group has paid £34m for a 51 per cent shareholding in Dalmašnja, the largest cement producer in Croatia. The company is located on the coast at Split and has an annual cement production capacity of 2.3 million tonnes. RMC said the company was "ideally situated to take advantage of the improving construction sector in Croatia".

Chrysalis bids for North-east radio licence

Chrysalis, the music and entertainment group, will today launch its bid for the North-east regional radio licence with a promise to bring mainstream classic and contemporary dance music to 18 to 34 year olds living in and around Newcastle. The bid, which aims to introduce the group's Galaxy brand into the North-east, will kick off in earnest next month with a one-month trial broadcast on board the 'Tuxedo Royale', Tyneside's floating nightclub.

Investing in growth. Investing in Britain.



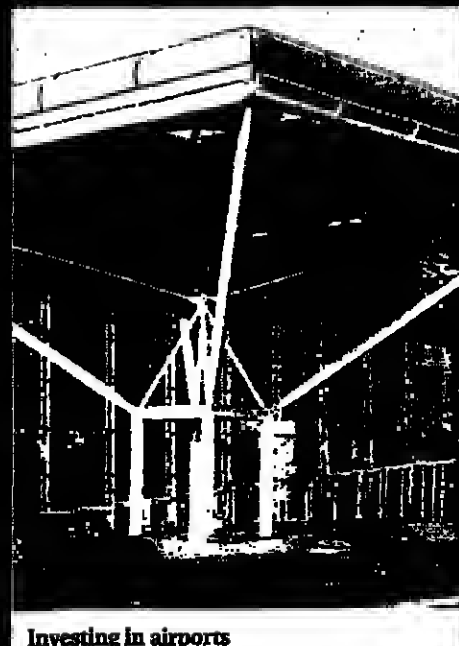
Investing in customers
Nearly 100 million passengers have used our improved airports during the year.



Investing in rail
BAA is spending £600 million on rail projects, including Heathrow Express.



Investing in safety and security
BAA spent £200 million last year on safety and security.



Investing in airports
BAA is spending around £1.4 million a day to give the UK airports to be proud of.



Investing in people
BAA's activities directly or indirectly result in more than 250,000 jobs.

BAA invested £496 million in improving facilities last year – the first step towards a programme costing £4.4 billion over 10 years.

In no other country in the world is this level of national infrastructure provided at no cost to the taxpayer.

BAA is a company investing for growth. Last year, we served a record 98 million passengers. Traffic increased by 4.6 per cent. And it is likely to continue to grow as more people have the

opportunity to travel on business or on holiday, to visit friends and relatives or to share in a wide variety of international leisure activity.

To meet this ever-increasing demand, the country needs 21st century airport facilities, providing high quality customer service and maintaining the highest level of safety and security. And to fund the cost of these facilities, including the new £440 million Heathrow Express rail service, the company needs to be

profitable. That's why our strong business performance in 1996-97 matters.

Thanks to the outstanding efforts of our employees, the loyalty of our customers and the support of our shareholders, we can continue to do what works for both BAA and Britain – invest for growth.

For a copy of the full BAA Annual Report, telephone 0171 932 6654 or write to: Corporate & Public Affairs, BAA plc, 130 Wilton Road, London SW1V 1LQ.

HIGHLIGHTS OF THE YEAR ENDED 31 MARCH 1997			
Revenue	£1,373m	up 9.6%	
Operating profit	£491m	up 10.8%	
Profit before tax and exceptional items	£444m	up 10.2%	
Profit before tax*	£407m	down 2.6%	
Earnings per share before exceptional items	32.0p	up 10.3%	
Total dividend	12.4p	up 10.2%	
UK Passenger numbers	98.0m	up 4.6%	

* Profit before tax was affected by a recommendation of BAA's policy on capitalisation of interest.

BAA

Shaping up for the 21st century

HEATHROW ◀ GATWICK ◀ STANSTED ◀ GLASGOW ◀ EDINBURGH ◀ ABERDEEN ◀ SOUTHAMPTON

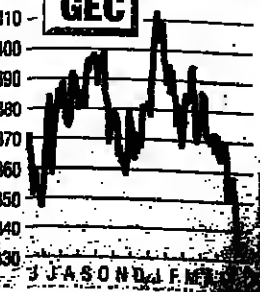
market report / shares

Data Bank

FTSE 100	4686.7	+41.7
FTSE 250	4484.1	+10.9
FTSE 350	2265.2	+17.3
SEAQ VOLUME	756.9m shares,	
	52,496 bargains	
Gilt Index	96.44	-0.08

Share spotlight

share price, pence



British Aerospace and GEC caught in the rumour mill

As shares tumbled ahead and rumours of an Abbey National deal with National Westminster Bank refused to fade away, whispers of another mega-merger started to circulate. Like so many stock market yams, the marriage of British Aerospace and General Electric Co is not new. It went the rounds on many occasions, particularly when BAE was limping along in some distress and seemed to be in desperate need of a powerful partner.

These days BAE shares are soaring, up 43p to 1,358p. Any merger with GEC, 2.5p firmer at 336.5p, would, therefore, be negotiated from a position of strength.

With the mammoth Grand Metropolitan and Guinness merger proving that mega-deals are still on the City agenda, the market is casting around for the next alliance.

NatWest merging with Abbey National is clearly more

than just a figment of the market's imagination with the signs suggesting NatWest is still keen on the deal, if Abbey is rather more reluctant. In busy trading, Abbey rose 24p to 883.5p and NatWest 35.5p to 816p.

BAE's latest advance was in part due to presentations the company is making in analysts. Optimism over the Government's defence policies and the recent progress over the Eurofighter were other factors.

Some shrewd observers feel the fundamental case for a BAE and GEC merger has never been so strong. And GEC, with its French ambitions, probably thwarted by the change of Government, could believe its best strategic option now point to BAE.

George Simpson has still to complete his first year as GEC managing director. There is a sneaking suspicion he sees a major deal as the best way forward.



MARKET REPORT

DEREK PAIN

stock market reporter of the year

Elsewhere it was another furious performance by financials which sent Footsie up 41.7 points to 4,686.7. New York's contribution was also dramatic, with the Dow Jones Average making further headway during London hours.

Bank of Scotland, Barclays and Lloyds TSB moved ahead, with Halifax getting back in form with a 12.5p gain to 749p. BT, up 12.5p to 470.5p on the MCI deal, and Scottish & Newcastle, 14p to 674.5p following Dresdner Kleinwort Benson support, were among other blue chips to make progress.

National Power, up 11p to

527.5p, and PowerGen, 11.5p to 679p, were fuelled by positive noises from US house Morgan Stanley.

NFC, the freight group which has suffered a series of reverses, improved 4.5p to 138.5p as chairman Sir Christopher Bland purchased 500,000 shares at 154p, lifting his interest to 1.5 million, just 0.02 per cent of the capital.

Granada put on 12p to 890p. Figures are due tomorrow and after speculation it will bid this week for Yorkshire Tyres-Tes Television, up 52.5p to 11,60p, it admitted after the market closed that talks were taking place.

Builders, on suggestions the

recovery is spreading beyond London and the South-east, scored gains with Barratt Developments up 3.5p to 239.5p and Berkeley 12.5p to 729p.

Royalblue, a computer group placed at 175p, made a strong debut, closing at 216.5p. Petra Diamonds sparked 11p to 78.5p. It is in talks to acquire an interest in another African diamond concession. The shares were floated at 30p last month.

James Finlay put on 8p to 82.5p after winning a £2m contract Ministry of Defence contract to produce a biological detection system. It is thought to have achieved a £4m contract earlier this year. Capitalisation is only £3.4m.

Middlesex held at 8.25p. There is talk Gazprom, the Russian oil giant, may buy a stake in the metals group. Its chief executive, Masoud Alkibani, acts as a consultant to Gazprom, which already has a

corporate relationship with

Middlesex. Takeover speculation continues to go the rounds over JD Wetherspoon, the pub chain. The shares climbed 2.5p to 1,372.5p, a peak. Wetherspoon is a narrow market and it does not take much interest to lift the shares. US investors, particularly the Janus-run funds, are keen fans and some suggest it is transatlantic buying behind the strength.

But the big pub chains must be looking attractive to the major brewers. Bass, for example, would not break through its Whitehall-inspired pub ceiling if it swallowed Wetherspoon.

But Bass could be preoccupied with the Government decision on its controversial bid for brewer Carlsberg. Telle, said to be due soon. With HSBC believed to have moved Bass to its sell list the beer giant fell 6p to 746p, lowest for more than a year.

Taking Stock

Integrated Asset Management, which arrived on AIM three weeks ago, is on the verge of buying John Siddall, the 115-year-old stockbroker. IAM shares were placed at 100p; they are now 125p. It is paying £230,000 in shares and £30,000 cash for Siddall over the next six weeks. Behind IAM, which is thought to have other deals in the pipeline, is Swiss banker Ferdinand Lips and two former Clerical Medical fund managers, Peter Leonard and Peter Seagriff. Siddall, which has had a difficult time, has around £90m under management. It held unsuccessful talks with Charfield Road Management and then linked with financial advisers Fairisle Investments.

SkypePharm is firm on rumours of a drug development and growing US interest. The shares are 88.5p.

Alcoholic Beverages

High	Low	Stock	Price	Chg	%	High	Low	Stock	Price	Chg	%
488	486	Adnoca	486.0	0.0	0.0	488	486	Adnoca	486.0	0.0	0.0
488	486	Budweiser	486.0	0.0	0.0	488	486	Budweiser	486.0	0.0	0.0
488	486	Carlsberg	486.0	0.0	0.0	488	486	Carlsberg	486.0	0.0	0.0
488	486	Heineken	486.0	0.0	0.0	488	486	Heineken	486.0	0.0	0.0
488	486	Interbrew	486.0	0.0	0.0	488	486	Interbrew	486.0	0.0	0.0
488	486	Kaiser	486.0	0.0	0.0	488	486	Kaiser	486.0	0.0	0.0
488	486	Miller	486.0	0.0	0.0	488	486	Miller	486.0	0.0	0.0
488	486	Orkla	486.0	0.0	0.0	488	486	Orkla	486.0	0.0	0.0
488	486	Reckitt	486.0	0.0	0.0	488	486	Reckitt	486.0	0.0	0.0
488	486	Schlitz	486.0	0.0	0.0	488	486	Schlitz	486.0	0.0	0.0
488	486	Tenneco	486.0	0.0	0.0	488	486	Tenneco	486.0	0.0	0.0
488	486	United	486.0	0.0	0.0	488	486	United	486.0	0.0	0.0
488	486	Wm Watson	486.0	0.0	0.0	488	486	Wm Watson	486.0	0.0	0.0
488	486	Yell	486.0	0.0	0.0	488	486	Yell	486.0	0.0	0.0

Banks, Merchant

High	Low	Stock	Price	Chg	%	High	Low	Stock	Price	Chg	%
488	486	Adnoca	486.0	0.0	0.0	488	486	Adnoca	486.0	0.0	0.0
488	486	Budweiser	486.0	0.0	0.0	488	486	Budweiser	486.0	0.0	0.0
488	486	Carlsberg	486.0	0.0	0.0	488	486	Carlsberg	486.0	0.0	0.0
488	486	Heineken	486.0	0.0	0.0	488	486	Heineken	486.0	0.0	0.0
488	486	Interbrew	486.0	0.0	0.0	488	486	Interbrew	486.0	0.0	0.0
488	486	Kaiser	486.0	0.0	0.0	488	486	Kaiser	486.0	0.0	0.0
488	486	Miller	486.0	0.0	0.0	488	486	Miller	486.0	0.0	0.0
488	486	Orkla	486.0	0.0	0.0	488	486	Orkla	486.0	0.0	0.0
488	486	Reckitt	486.0	0.0	0.0	488	486	Reckitt	486.0	0.0	0.0
488	486	Schlitz	486.0	0.0	0.0	488	486	Schlitz	486.0	0.0	0.0
488	486	Tenneco	486.0	0.0	0.0	488	486	Tenneco	486.0	0.0	0.0
488	486	United	486.0	0.0	0.0	488	486	United	486.0	0.0	0.0
488	486	Wm Watson	486.0	0.0	0.0	488	486	Wm Watson	486.0	0.0	0.0
488	486	Yell	486.0	0.0	0.0	488	486	Yell	486.0	0.0	0.0

Banks, Retail

High	Low	Stock	Price	Chg	%	High	Low	Stock	Price	Chg	%
488	486	Adnoca	486.0	0.0	0.0	488	486	Adnoca	486.0	0.0	0.0
488	486	Budweiser	486.0	0.0	0.0	488	486	Budweiser	486.0	0.0	0.0
488	486	Carlsberg	486.0	0.0	0.0	488	486	Carlsberg	486.0	0.0	0.0
488	486	Heineken	486.0	0.0	0.0	488	486	Heineken	486.0	0.0	0.0
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488	486	Schlitz	486.0	0.0	0.0	488	486	Schlitz	486.0	0.0	0.0
488	486	Tenneco	486.0	0.0	0.0	488	486	Tenneco	486.0	0.0	0.0
488	486	United	486.0	0.0	0.0	488	486	United	486.0	0.0	0.0
488	486	Wm Watson	486.0	0.0	0.0	488	486	Wm Watson	486.0	0.0	0.0
488	486	Yell	486.0	0.0	0.0	488	486	Yell	486.0	0.0	0.0

Banks, Retail

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488	486	Adnoca	486.0	0.0	0.0	488	486	Adnoca	486.0	0.0	0.0
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488	486	United	486.0	0.0	0.0	488	486	United	486.0	0.0	0.0
488	486	Wm Watson	486.0	0.0	0.0	488	486	Wm Watson	486.0	0.0	0.0
488	486	Yell	486.0	0.0	0.0	488	486	Yell	486.0	0.0	0.0

Banks, Retail

High	Low	Stock	Price	Chg	%	High	Low	Stock	Price	Chg	%
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488	486	Kaiser	486.0	0.0	0.0	488	486	Kaiser	486.0	0.0	0.0
488	486	Miller	486.0	0.0	0.0	488	486	Miller	486.0	0.0	0.0
488	486	Orkla	486.0	0.0	0.0	488	486	Orkla	486.0	0.0	0.0
488	486	Reckitt	486.0	0.0	0.0	488	486	Reckitt	486.0	0.0	0.0
488	486	Schlitz	486.0	0.0	0.0	488	486	Schlitz	486.0	0.0	0.0
488	486	Tenneco	486.0	0.0	0.0	488	486	Tenneco	486.0	0.0	0.0
488	486	United	486.0	0.0	0.0	488	486	United	486.0	0.0	0.0
488	486	Wm Watson	486.0	0.0	0.0	488	486	Wm Watson	486.0	0.0	0.0
488	486	Yell	486.0	0.0	0.0	488	486	Yell	486.0	0.0	0.0

Banks, Retail

250	642	Greene King	642		31	169	2948
250	642	Guskenorio Int	835	-1	4	17	2236
256	218	Op Chast Gen	243		15	289	465
256	268	Hardys S H	270		48	123	2834
260	2700	Holt L	2625	-	62	160	2992
78	68	Im Business	67		29	367	7
357	348	Marsfield	352		22	152	2862
365	252	Manson T	269		35	106	3301
365	5224	Musfield	525		30	106	3448
477	30	Piermont	33	-			3058
480	40	Prince Kanyam	668		66	294	3000

Salvesen faces shareholder anger despite split plans

Magnus Grimond

Christian Salvesen, the transport to generator hire group, said yesterday it was on course to complete the demerger of its Aggreko generator hire business by the end of September.

But despite the news, the group, which earlier this year ran into a storm of controversy over the break-up proposals and £150m payout to shareholders, is likely to face stiff questioning from its Scottish shareholders at a meeting in Edinburgh this morning.

The shares have underperformed since management led by Chris Masters, chief executive, rejected a £1.1bn bid approach from rivals Hays last August.

Unchanged at 236.5p yesterday, the shares are well below the Hays offer, which would have been worth just short of

497p, even after taking account of a 17p special dividend and share consolidation.

Asked whether he was facing difficulties with his shareholders, Mr Masters said yesterday: "None of us is happy with where the share price is", but he said he remained committed to the demerger proposals.

"I am totally convinced that the demerger is exactly the right thing to do, because we have got two strong businesses. I am not a fan of conglomerates, never have been."

"We are also removing uncertainty. I still believe these two businesses will deliver value. I guess we will judge the success of the demerger on how the two businesses trade in the first year."

He was speaking as Salvesen unveiled an 11 per cent rise in pre-tax profits to £85.9m for the year to March on sales up 6.6 per cent at £746m. A final dividend of 5.35p raises the total

for the year by 5.8 per cent to 9.15p, payable from earnings per share up from 18.8p to 19.4p.

Although Mr Masters highlighted underlying profits growth above 20 per cent from the Aggreko and Swift industrial logistics operations, analysts remained sceptical about the group's ability to maintain these figures. One said people were waiting for the demerger to pass judgment, but were anyway questioning the sustainability of this performance.

"The senior management of Salvesen does not have much support and the feeling is that, in the past, something has always come up and grabbed them," he said.

The half-way figures were hit by £1m of costs incurred defending the group from the Hays bid and £2.3m in professional fees and other charges as a result of the capital reconstruction and special dividends.

Unigate continues to deliver profits

THE INVESTMENT COLUMN

EDITED BY MAGNUS GRIMOND

City clearly believes the management will continue to deliver.

With analysts upgrading current year profits to £140m yesterday, the shares, down 2p to 494.5p, trade on a forward rating of just 11. Buy.

What it is not doing, at least for the moment, is attempting to lay down a bridgehead in North America, where it is unrepresented. The group is too polite to draw attention to the travails of Farnell, which over the past year has suffered a shareholder revolt and a profits warning, but Electro's shares have outperformed its rival's by more than 50 per cent since its controversial £1.8bn takeover of Premier of the US in January 1996.

Yesterday's figures from Electro, showing pre-tax profits up 13 per cent to £112m in the year to March, suggest the stock market has been right in its relative valuations. The 7.8 per cent growth in UK sales to £397m last year means Electro probably took market share from its rival. Meanwhile, European sales growth rates at between 16 and 23 per cent remain respectable. However, the European slowdown evident last year has continued, with UK growth decelerating to 6 per cent in the second half, a rate that has been

maintained into the new year. Electro will use its £84.5m cash pile to double capital expenditure this year and over 18 months expects to double the product offering on the Continent to the 80,000 lines available in the UK.

Assuming profits of £120m this year, the shares, up 12.5p at 412.5p, stand on a forward multiple of 22, which looks fair value for such a quality company.

Ideal provides that little extra

Ideal Hardware has just clocked up its tenth successive year of profits growth and seen its share price triple in three years – an impressive record for a company in the commodity world of distributing computer components.

While distributors like Abacus have suffered badly from a marked slowdown in computer sales, Ideal has protected itself, and blossomed, by specialising in high-margin memory storage systems – memory disks, tape streamers and the like – which represent over three quarters of its business.

As the price of each megabyte of computer memory has fallen, the size of the average unit needed to drive a modern computer system – with all its whizzy multimedia features – has grown from 20 megabytes 10 years ago to over 2,000 megabytes today. So the value of shipments has grown, while Ideal has also been aggressive in marketing its product lines to its customers, the specialist computer shops.

The group uses the Internet to update customers on the latest gizmos. Its biggest customers get a dedicated satellite channel beaming three hours of product information and video demonstrations over the Internet. By acting as a consultant, Ideal makes its customers more effective resellers and can charge that little extra to keep margin growth going.

Pre-tax profits for the year to end May grew 23 per cent to £9.6m on sales up a quarter at £173m. There is little reason to fear a slowdown. Ideal reckons the launch of DVD – video on the desktop – will revive the PC market and that the Internet, the impending millennium and monetary union should mean ever bigger memory needs. House broker Charterhouse Tilney expects profits of £12m for the full year. The shares, 25p up at 675p, are no longer a bargain on 18 times 1996 earnings falling to 15, but they are worth holding.

Ward family sells stake

Cathy Newman

Suitors began to court Ward Holdings, the housebuilder, last night when the company's family shareholders announced they were to sell their controlling stake in the company.

More than two parties in the housebuilding sector expressed an interest in the company yesterday, according to Kleinwort Benson, which has been appointed to identify potential buyers.

The reasons for the sale of the family's 51 per cent share of the company are not being disclosed but it is thought that Denis Ward, the chairman, wants to realise his investment as he nears retirement. Mr Ward is 73

and holds 8.1 million shares, or 15.4 per cent of the total.

Some observers have suggested the consistently poor performance of the share price may also have motivated Mr Ward and the other family shareholders to sell. Graeme Wall, Mr Ward's son-in-law, is the only other shareholder to sit on the board. He owns 9.6 million shares, or 18.3 per cent of the company. According to takeover rules, a single buyer of the family's shares would be obliged to bid for the entire issued share capital.

Indicative bids are due in by 10 July, a week after the company's interim results, and after a breathing space to take in the impact of the 2 July Budget.

A source close to Ward Holdings believed it may receive approaches from buyers outside the housebuilding sector.

Analysts said the company was beginning to look more attractive. Ward yesterday disclosed that trading for the six months to the end of April had improved on the previous year, with a 24 per cent increase in new house sales.

Shares in Ward Holdings, which have fallen as low as 36.5p this year, jumped 13p to 62.5p.

A protracted dispute over a fire at a Tesco supermarket in 1993 has inhibited share price performance over the years and forced the company to set aside £5m to cover uninsured losses.

Fund manager puts £1m on name

Nigel Cope
City Correspondent

Henderson, the independent fund manager, revealed yesterday that its name change from Henderson Administration last autumn cost almost £1m. The company has also increased its advertising budget from £4m to £5m this year to promote its new brand image.

Dugald Eadie, managing director, said the rebranding of its funds under the Henderson Investors banner had already paid dividends with more consultants displaying a willingness to recommend the group. "We feel we have a better, crisper image. People now don't have to keep track of half a dozen different companies."

He said the company was continuing to improve after a rash of client defections two years ago. Pre-tax profits rose from £20.2m to £20.8m in the year to 31 March with funds under management and administration rising by 12 per cent to £15.9bn. Henderson added over £1bn of net new client funds during the year. "We started turning the corner last year. We are now coming up the hill," Mr Eadie said.

Though the gain in UK institutional funds was modest, the company said it had won its first balanced pension fund account for some years. It claimed its above average UK pension fund performance over one, three and five years had put the company in a strong position to win more new business.

In the personal investors division, the UK retail funds grew, helped by buoyant stock markets. Gains in international funds continued with Seligman Henderson again achieving strong growth. Funds under management there grew from £1.8bn to £2.2bn. The increasing demand for specialist administration skills boosted funds under management in this area from £2.3bn to £2.7bn.

Ben Wrey, Henderson chairman, said: "Our central challenges at Henderson have been to manage changes in our business mix and following our success in the United States with Seligman Henderson. We have made tangible further progress during the year."

Earnings per share during the year grew 3 per cent to 65.14p. The second-half dividend of 31.5p makes a total of 45p.



Expecting an improvement: Angus Crichton-Miller

Sterling's strength boosts Eurocamp's hopes

Magnus Grimond

Eurocamp, the camping holiday specialist, does not expect to share in the bonanza that other holiday companies are forecasting from customers flush with building society windfalls.

Analysts said the company was beginning to look more attractive. Ward yesterday disclosed that trading for the six months to the end of April had improved on the previous year, with a 24 per cent increase in new house sales.

Shares in Ward Holdings, which have fallen as low as 36.5p this year, jumped 13p to 62.5p.

A protracted dispute over a fire at a Tesco supermarket in 1993 has inhibited share price performance over the years and forced the company to set aside £5m to cover uninsured losses.

However, Eurocamp is likely to be unusual among British companies in welcoming the recovery in the purchasing power of the pound abroad after being hammered by the currency's weakness in 1995/96.

With 65 per cent of its business in France, Mr Atkinson said they had seen some benefits come through since Christmas, although he would probably take until next year before people really started to take notice. His comments came as Eurocamp announced a cut in its seasonal first-half loss, which fell from £5.2m to £4.66m in the six months to April. There had been a "bit of a slowdown" both immediately pre- and post the general election. But the new chairman, Angus Crichton-Miller, who joined from Rank last year, said he expected "a marked improvement" in the results this year, given higher margins in camping and further profits growth from Superbreak, the short-stay holiday company acquired in 1995.

"We are also confident that

the strength of sterling will lead to a further recovery in our camping profits in 1997/98, whilst Superbreak's market leadership promises further growth in a strong sector."

Sales grew 12 per cent to £16.6m, but the interim dividend, which is being maintained at 3.75p a share, is, as usual, uncovered by earnings. The loss per share fell from 10.5p to 8.5p. Mr Atkinson said Eurocamp camping bookings had been strong since the new year and although volumes were similar

to 1996, their policy of targeting occupancy rather than volumes was bearing fruit.

Occupancy and sales values were up as a result of the decision to manage capacity and limit discounting, while they were benefiting from a better mix of business, including more caravan holidays and less tents. This augured well for an improved financial performance from the camping businesses.

As well as the weak pound, last year was hit by football fans staying at home for Euro 96 and

criticism of French nuclear tests.

Most of the first-half sales came from the Superbreak and Goldenrail hotel break operations. Mr Atkinson said Superbreak had improved its margins, helped by lower commission rates paid to travel agents as a result of a shift away from the large chains. The figures bore £1.55m of overheads from newly acquired Dutch and German subsidiaries, but that was more than offset by the absence of commission paid to overseas agencies.

IN BRIEF

● Shares in Seaford Resources jumped 6.5p to 60p after the oil company, which is exploring in Ghana, said it had received takeover approaches from two parties. The London-based company also works in the Netherlands, Tunisia, Syria and Australia, and is valued at £41m at yesterday's closing price. The company's share price has fallen steadily from a high of 80p over the past year, reflecting the departure of its chief executive and a warning that it may have to cut estimates of its petroleum reserves after disappointing drilling results.

● Renold, the precision engineering group, announced a rise in full-year profits before tax from £18.7m to a record £21.5m, reflecting "strong growth" from North America, the gears operation and the Holyrod subsidiary. Earnings per share advanced from 20.8p to 22.7p. The final dividend is 5.2p.

● Raymond Lipman, chairman of Safeland, made an upbeat statement on prospects for the property group as he announced a rise from £2.7m to £2.7m in taxable profits for the year to March. The group was confident it had laid solid foundations for the current year and the future "is looking bright", he said. The 1996/97 results included a six-week contribution from Hercules Property Services which was demerged last year and floated on AIM.

● Orlifame International, the retailing group, reported an increase in annual taxable profits from £19.87m to £21.4m, said its financial position remained strong and was confident growth would be sustained. Robert Jochnick, chairman, said strong sterling had had an adverse effect on sales and earnings. However, he said initial sales in India were "very positive", and the company expected a profit contribution in the current year.

Company Results

	Turnover £	Pre-tax £	EPS	Dividend
Asat (F)	149m (137m)	9.8m (10.2m)	30.7p (30.1p)	9.50p (8.4p)
Amberley Group (F)	44.9m (22.8m)	5m (3m)	5.45p (4.2p)	1.6p (-)
AAA (F)	1.37m (1.26m)	407m (418m)	36.2p (36.4p)	8.5p (-)
Cribbsley Group (F)	45.8m (43.3m)	1.2m (1.6m)	38.2p (18.7p)	4.7p (8.9p)
James Cropper (F)	38.3m (37.6m)	5m (7.8m)	5.1p (5.3p)	1.50p (1.5p)
Unicomm (F)	6.9m (2.3m)	1.2m (0.2m)	17.7p (15.8p)	7.7p (8.8p)
Electrocomponents (F)	605.8m (538.9m)	112.4m (98.2m)	2.07p (3.9p)	0.86p (0.96p)
Electronic Data (F)	6.45m (7.8m)	0.8m (1.5m)	8.9p (10.8p)	3.75p (3.75p)
Barracord (F)	16.6m (14.7m)	4.6m (4.2m)	27.4p (24.2p)	9.4p (8.5p)
Field Group (F)	21.6m (20.1m)	21.4m (18.2m)	0.4m (-)	3.0p (-)
BB Railways (F)	74.7m (70.4m)	20.8m (20.2m)	65.15p (62.18p)	45p (45p)
Headstream (F)	4.53m (-)	0.34m (-)	1.0p (-)	-
Howle Holdings (F)	1.14m (852m)	208m (113m)	118.8p (88.8p)	43.9p (38.7p)
Hydrax (F)	1.9m (1.3m)	3.6m (7.8m)	28.8p (24.7p)	13.2p (11.6p)
Midland Hardware (F)	31.3m (30.6m)	21.4m (19.8m)	32.4p (30p)	15.7p (15p)
Orlifame Int'l (F)	180m (170m)	21.5m (18.7m)	22.7p (20.8p)	8p (7p)
Roskill (F)	40.1m (41.4m)	2.7m (2.27m)	0.38p (0.34p)	2.18p
Safeland (F)	748m (700m)	85.8m (77.8m)	18.4p (18.5p)	8.15p (8.35p)
Chatham Salvesen (F)	748m (715.5m)	0.27m (1.31m)	1.85p (5.15p)	1.8p (1.9p)
Vital (F)	10.7m (11.5m)	2.52m (1.85m)	15.5p (11.5p)	5.5p (4.25p)
Unicom (F)	28.6m (28.4m)	13m (83m)	10.7p (18.47p)	4.6p (4.6p)
Unicomm (F)	158.8m (167.8m)	118m (285m)	37.2p (113.3p)	30.2p (19.2p)
Unigate (F)	2.41m (2.13m)	1.18m (88m)	7.1p (8.5p)	3.25p (3.25p)
Unigate (F)	6.42m (5.45m)	0.61m (0.83m)	7.1p (8.5p)	3.25p (3.25p)

(F) = Final (F) = Interim

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sport

England reap rewards of fidelity

Support
for Lewis
after
scuffle

Derek Pringle considers the change in approach that brought about a home triumph in the first Test against Australia

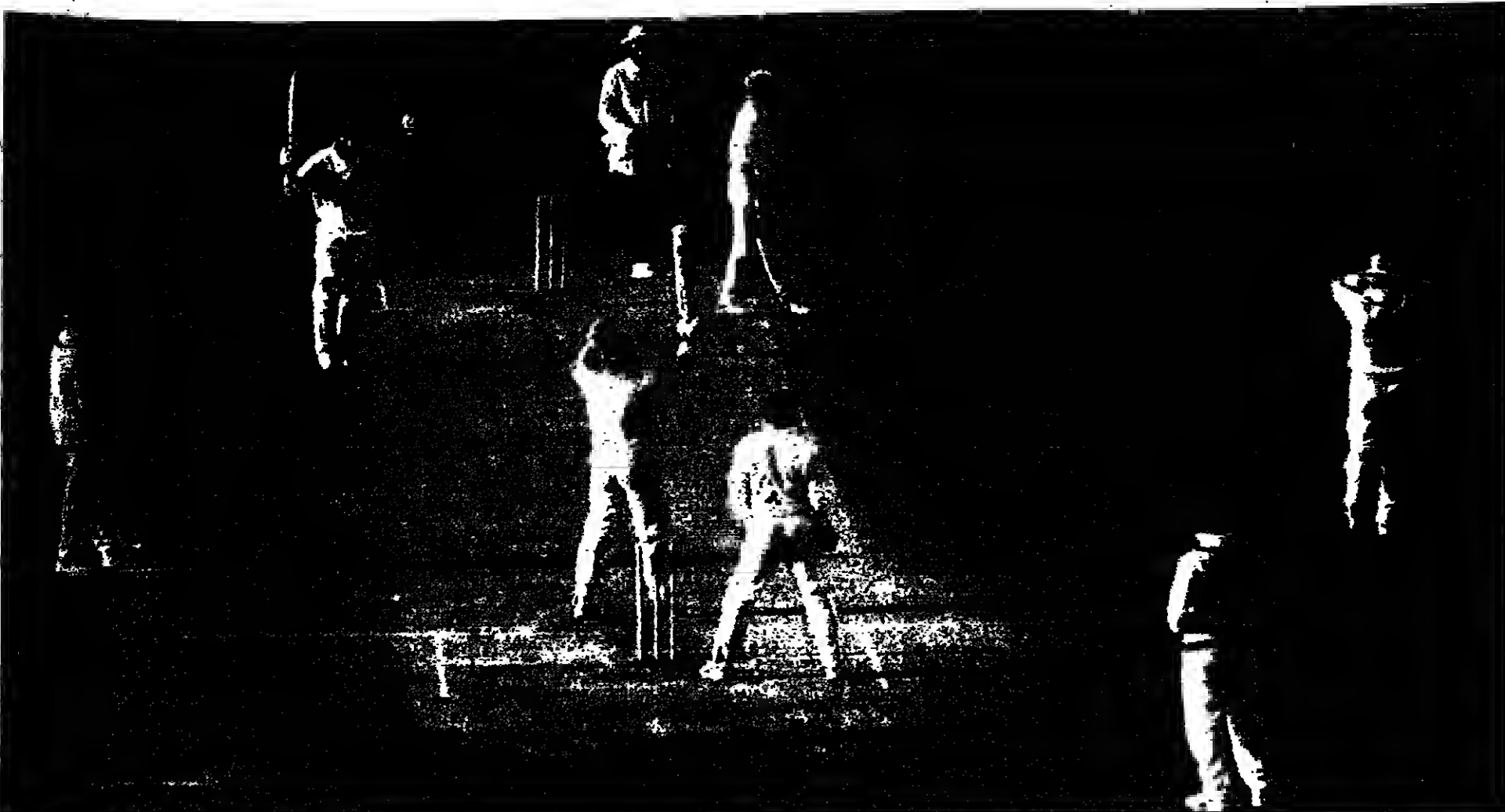
One of the inevitable reactions yesterday, following England's storming win over Australia in the first Cornhill Test, will be: Where on earth did such a powerful, sustained performance come from? Quantum leaps may occur in sci-fi adventures but they are not meant to happen in cricket, at least not English cricket, which is supposed to be inefficient, uncompetitive and a breeding ground for underachievers.

On the face of it, it is not an easy question to answer. English cricket is undoubtedly all of the above things and yet, among the mess, a national team has triumphed against the best, if not currently the freshest, Test side in the world. Even so, people who have watched England over the years, not least the Australian players themselves, are probably still rubbing their eyes in disbelief.

There is no doubt that the potency and passion of England's performance surprised them. Mark Waugh, presently more famous for his critical remarks about the state of our game than his run-scoring, was genuinely impressed. Apart from England combining as a team, he reckoned Nasser Hussain's 207 was probably the best Test innings he has ever seen.

"It was never that flat out there," Waugh said, talking of the Edgbaston pitch. "Having played with him at Essex all those years, I just didn't realise he was as good as that." He also felt, along with many others, that Darren Gough howled his socks off. "I reckon he's picked up a yard in pace," added Waugh, who twice succumbed to what Gough described as his "jaffas".

In the past, one of England's biggest problems has been the lack of a consistent strike bowler. Dominic Cork came close, but his potency relied on swing, which is fickle. Devon Malcolm could destroy teams with his raw pace – as he once



Moment of victory: Mike Atherton and Alec Stewart raise their bats in celebration as England win the first Test at Edgbaston on Sunday

Photograph: David Ashdown

did to South Africa – but he sprayed more often than he reaped.

It is not a mantle that has hung naturally from anyone's shoulders but, since Cork's injuries, it has fitted Gough more naturally than most. In cricket, it is often inappropriate to single someone out, but there can be no doubt that Gough has been a powerful factor in England's recent success. Gough has always bowled wicket-taking balls, it is just that he does it more frequently now.

It is a transformation that has come about naturally, though being left out of England's plans for last summer caused the fast bowler to question his approach and forced him to ally consistency to his exuberant ability. He also taps into hidden reserves when he plays the Aussies, and his 6 for 146 at Edgbaston was, despite appearances, probably his finest performance at Test level.

He hits the seam more often too, which happens when your rhythm and confidence are restored, and there is little doubt that he has been the pick of England's bowlers since the drawn Test in Auckland. As his team-mate Hussain revealed, when asked about Gough's performance: "It's wonderful to know he can come on at any stage and get you a wicket or two."

The back-up of Caddick, Malcolm and Ealham, was important and gelled well. They must be used, too, for Gough must not be overused. Indeed he is nursing a sore shin at the moment, a niggle, which if not new, would certainly benefit from rest, and he is unlikely to play for Yorkshire when they play Surrey in the Championship on Thursday.

But, if many see Gough as a turning point, the England captain puts the success down to gradual improvements made

over the winter. Taken by something that Allan Border once said, that "Australia compete by outfielding their opponents and playing with more passion and aggression," Atherton has made his troops work hard, stressing the importance of close catching. The results have been impressive and you have to have a long memory to recall when England last shelled anything remotely catchable.

More important, however, is that Atherton is in charge of the kind of young, athletic side he envisaged captaining when he returned from the West Indies three years ago. Unfortunately Raymond Illingworth then stepped in to take charge, which led to a period where changing personnel meant the side were in an almost permanent state of flux – a situation Alec Stewart yesterday confirmed when he

said: "In the past we used to turn up and introduce ourselves to each other."

Under the new selectors, however, continuity is a promise which, with nine out of 12 selected for Edgbaston having been on tour in New Zealand, is one that has clearly been kept.

"Players are more relaxed when they know they are going to part of the set-up and understand each other's role," said England's coach, David Lloyd, as he waited for the least afflicted from last night's celebrations to fall into breakfast.

But if the England coach would have been justified in resurrecting his "We flipping" murdered "em" soundbite from Bulawayo, he instead gave credit to the selectors as well as Lord MacLaurin and the English Cricket Board.

"When I took charge as coach, England had just come back from South Africa, and a poor World Cup. They were low

and disjointed and needed stability. They also needed someone to believe in them and give them confidence by sending the right messages from above. The whole structure does that now, and they have people around them that give them a chance to express themselves."

But even though Australia looked at their most vulnerable in a decade, Lloyd, like his captain, was not going to get carried away.

"We will enjoy our success, he said, "but don't intend to gloat. You've got to remember that this is one match in six and that there will be sticky times to come."

Asked if he knew how England could improve further, he said: "You improve by stretching your ambition." It is an effort England are clearly making – and one which Ladbroke's have already responded to by making them 4-6 favourites to win the Ashes.

Opening salvos

How England's form in the first Test has indicated the outcome of the series over the last 20 years

Against all sides

Won first Test and won series – 13
Won first Test and lost series – 1
Won first Test and drew series – 1

Lost first Test and lost series – 16
Lost first Test and won series – 2
Lost first Test and drew series – 3

Against Australia

Won first Test and won series – 3
Won first Test and lost series – 0
Won first Test and drew series – 0

Lost first Test and lost series – 5
Lost first Test and won series – 1
Lost first Test and drew series – 0

Babbel ready to leave Bayern for United

Football
GUY HODGSON
AND PHIL SHAW

Manchester United's attempt to strengthen their defence by luring Markus Babbel from Bayern Munich is likely to succeed – because of the Bosman ruling. The Germans have a choice: either accept the £5.5m offer from Old Trafford now or risk losing him for nothing.

United, who see the 24-year-old German international centre-back as the successor to the injury-prone Gary Pallister, have tabled a bid which is unlikely to be turned down be-

cause Babbel's contract runs out next June. Then, courtesy of the Bosman verdict, he could go to Old Trafford without Bayern receiving a fee.

Uli Hoeses, Bayern's general manager, said: "We have had an official bid from Manchester United and will be dealing with it in the next few days. If we accept the offer I presume the player will be going to Old Trafford."

United's manager, Alex Ferguson, has also offered Rangers £5m for Brian Laudrup, who has said he wishes to leave Glasgow, and who was having talks with the Dutch club, Ajax, yesterday. If those break down,

both United and Arsenal will attempt to keep the Danish international in Britain.

In United's favour is the persuasive power of their goalkeeper, Peter Schmeichel, who was with Laudrup in the Denmark team that defeated Bosnia in a World Cup qualifier over the weekend.

Manchester City are considering making a bid for West Bromwich Albion's Richard Sneekes. Agents representing the 28-year-old Dutch midfielder are trying to persuade Maine Road to pair him with his fellow countryman, Gerard Welkens, who has been signed from SC Veendam for £500,000.

Graeme Souness, who resigned as manager of Southampton last month, has agreed terms to become the coach of the Italian Serie B side, Torino. The former Sampdoria player should sign a three-year contract worth £300,000 a year by the end of next week.

Roy Hodgson is set to complete his first signing for Blackburn this week, with the Swiss international defender, Stéphane Henchoz, 22, expected to conclude a £3m move from the German club, Hamburg. Hodgson gave Henchoz his international debut when he was coach of the Swiss national side.

Coventry City head a clutch

of Premiership clubs vying to sign Craig Burley, the versatile Scottish international who was left out of Chelsea's FA Cup-winning 14 last month. Burley has a year left on his contract at Stamford Bridge, but is understood to be ready to move on after failing to make even the substitutes' bench at Wembley.

The Stoke City board will meet this week to discuss a written offer of £2.5m from Birmingham for last season's leading scorer, Mike Sheron. Birmingham have also renewed their interest in Port Vale's Northern Ireland winger, Jon McCarthy, for whom they had a £1.5m bid rejected last season.

Brazil still play the beautiful game

You read your World Soccer diligently, you watch faithfully everything that moves on satellite television – but still they come to take your breath away, these unknown Brazilians who suddenly seize the European stage.

Where do they all come from? Denilson, the latest in the line of twinkle-toed ball players, actually hails from São Paulo, the city that brought you Juninho. In fact, as the understudy to Giovanni, he keeps his predecessor as ball-carrier at his club out of their goals in the 3-3 draw.

Denilson is just 19 and was winning only his fourth cap against Italy in Lyon on Sunday night. At times when he was in possession of the ball, either carrying it with a pass or bravely dribbling at the toughest defenders in the world game,

Ian Ridley reports from France on the thrill of seeing a team full of joy and flair

you wanted to stop the match, to point him out to young players and say: now that is what a footballer should be.

It would have been madness, of course. You never wanted such a match to stop. "It was the best match I have ever played in for Italy," said Alessandro Del Piero, who probably played his best match for Italy in scoring two of their goals in the 3-3 draw.

Neither was the scoreline due to bad defending, at least not on Italy's part. The physical contests between Fabio Cannavaro and Ronaldo, Christian Panucci and Romario, were terrible yet beautiful, the peak of defensive and attacking art.

Panucci secured the prized possession of Ronaldo's shirt and is to give it to a seriously ill child back home.

Then there was Denilson, his open, youthful face a throwback to the smiling countenances of the 60s you grew up with. He typified the Brazilian determination to strike at the heart of the defence, confident and certain of their own skill and control. One weaving run deserved a better fate than a stab wide, caused cannily by Alessandro Costacurta's nudge at the crucial moment.

Memo to Mario Zagallo: please play Denilson against England in the Parc des Princes tonight. In fact, play as many of

Sunday's team as is possible. Such an attacking side will test England's goalless defensive record away from home under Glenn Hoddle to the limit. The English have acquired at this tournament a reputation for toughness.

One change, at least, will be made in the Brazilian defence with Mauro Silva suspended. With Aldair's place in doubt after his uncertain performance against Italy, Marcio Santos could be paired with Gonçalves of Botafogo, who has recently been talking about how much he would like to play in the Premiership.

The real business for coach Zagallo and his squad comes this weekend in the *Copa America*, but an intriguing contest should be in prospect tonight. England may have already won a surprisingly keenly contested



Denilson: Another gem rolls off the production line

tournament – the age-old problem of something being wrong with football's scoring system when the type of Brazilian football on display here does not merit the prize – but, if not exhausted from their efforts a mere 48 hours earlier, this budding team, promising to be better than the 94 World Cup-winning one, will surely give its all.

TODAY'S FIXTURES

Football
LE TOURNOI DE FRANCE
England v Brazil (7.30)
(at Parc des Princes, Paris)

Rugby Union
TOUR MATCH: New Zealand Maori XV v Ireland Development XV (8.35am) (at Palmerston North)

Speedway
AMATEUR LEAGUE: St Austell v Peterborough (7.30)

Other sports
GOLF: British Women's Amateur Championship (Cruden Bay, Aberdeen).
TENNIS: Stella Arzuffi men's tournament (Queens Club, London); DFS Classic women's tournament (Edgbaston).

England face Dutch examination

Hockey
BILL COLWILL
reports Groningen, Netherlands

England meet the Olympic champions, the Netherlands, in a one-off Test match here tonight before moving on to play in a four-nations tournament where the two countries will be joined by South Africa and Pakistan, the world champions.

Surprisingly, England have made just one change from the squad thrashed by Germany in

Duisburg 10 days ago. The expected return of Russell Garcia, who had engagements with his Dutch club, HDM, that weekend, has left no room for Teddington's James Wallis.

The sole change will have done nothing to address the lack of speed in the English defence which the Germans exposed, although the availability of Guy Fordham, who was injured in training in Germany, will help. The Dutch, who in March beat England 6-0 in Karachi in the Golden Jubilee Tourna-

ment before losing in the final to Germany, will provide formidable opposition as England start their build-up for next year's World Cup in Utrecht. Pakistan, England's opponents in Breda on Thursday and in the same World Cup group, could be the most interesting match.

ENGLAND SQUAD (v Netherlands): Test match, Groningen, today: 1. Wicket: S. Martin (both Reading); 2. Woods (Southampton); 3. Crabbie; 4. Humphrey; 5. Piddock; 6. Sharpe (all Cardiff); 7. P. McGuire (Reading); 8. Garcia (HDM, Netherlands); 9. Giles (Luton, Netherlands); 10. Lush (East Grinstead); 11. Fordham (Havant); 12. Stone (Sheff); 13. Waugh (both Southampton); 14. Hall (Milton); 15. Lee (Old Loughborough).

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Threat of grand prix ban for Villeneuve

Motor racing
DERICK ALLSOP

Jacques Villeneuve, the world championship leader, faces the prospect of a fine or even a ban when he appears before motor sport's authorities tomorrow to explain a series of critical statements about Formula One racing.

The Canadian, who endeavours to tighten his grip on the title in his home grand prix on Sunday, claims recent safety measures have been too extreme and reflect an over-reaction following the death of Ayrton Senna, three years ago.

He has said also that new regulations scheduled for next season - including narrow cars and grooved tyres - will make racing more boring, tempting drivers to consider a switch to IndyCars.

Villeneuve's assertions, in only his second season of Formula One, have incensed the sport's world governing body, the FIA. Its president, Max Mosley, has already given the 26-year-old driver a public rap over the knuckles.

Mosley said: "If he thinks it's not fun, I'm sorry." He went on: "The drivers have their millions to spend on all the fun they want."

According to the grapevine, Mosley has told Villeneuve in unequivocal terms that if he is not happy with Formula One he should go back to IndyCars. The maverick driver can expect a similar message when he faces the FIA's world council in Paris.

Mosley appears determined to uphold the authority of the FIA and may seek to make an example of Villeneuve. The FIA has an almost unlimited range of sanctions available, including heavy fines and suspensions.

Villeneuve and Williams will be particularly aggrieved he has been summoned so close to the Canadian Grand Prix, forcing him to delay his flight to Montreal.

TODAY'S NUMBER

1,000

The number of bottles of beer - plus 100,000 yen (£535) - received by Kazuyoshi Mura, for being named man of the match as Japan beat Croatia in the Kirin Cup in Tokyo. Mura, the former Genoa striker, scored twice in a 4-3 victory.

CRICKET SCOREBOARD

One-day match

Yorkshire v Gloucestershire

Yorkshire won by 100 runs.

Yorkshire: 100-0 (100 overs). Gloucestershire: 100-10 (100 overs).

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Richardson does bit for British

Tennis

WATT TENCH
Reports from Queen's Club

A victory over Armenia may not quite rank with those over Australia and Germany in the last few days, but in his own small way Andrew Richardson did his bit for the British sporting summer here yesterday.

Despite making a shocking start, Richardson contributed to the feel good factor by recording in a manner completely at odds with the stereotype rank and file British tennis player to beat Sargis Sargsian 6-7, 6-2, 6-4 in the first round of the Stella Artois championships. For Richardson, who ranked 172 places below Sargsian, it was a triumph as much of fighting spirit and mental toughness as technical proficiency.

An encouraging afternoon for the home crowd continued a few minutes later when Martin Lee came back from losing the set seven games of his match with Andrei Olhovskiy, the Russian grass-court specialist.

Richardson could hardly have been less impressive in the evening exchanges, the 6ft 7in 1 handed mover slowly and slyly using volleys as he trailed 1 and 5-2.

Sargsian is of Armenian

stock, operates out of America and sports a goatee all of which brought to mind another Armenian American. The comparison seemed valid in the opening set, for though Sargis my lack Andre Agassi's dollars in the bank, not to mention his pounds round the midriff, he certainly displayed some of the Las Vegas's shot-making, notably a series of blistering service returns that left Richardson helpless.

Trailing 5-2 the Briton appeared doomed, but then finally found his range, particularly with his service and forced a tie break.

The first eight points went with service but Sargis forced the break with a lovely quick forehand down the line and went on to win 7-4.

Richardson's response was splendid, however, forcing an early break in the second set and then capturing Sargis's serve again with a ferocious backhand cross-court pass.

Richardson took the set. By now Richardson was in commanding form. He had earned his wild card for this tournament on the back of his excellent Davis Cup victory over Zimbabwe's Byron Black in April and was clearly relishing the opportunity to show the watching Davis Cup captain, David Lloyd, the full range of his shots.

"I realised they were very good courts," Richardson said. "It suited me to stay back on my second serve."

Richardson was especially strong on the backhand side and it was from this source that he forced the break in the third game, forcing Sargis to volley into the net. It was Sargis's



Triumph of the spirit: Andrew Richardson on his way to victory over Sargis Sargsian at Queen's Club yesterday

Photograph: Peter Jay

game that now appeared ragged, his volley particularly suspect, and Richardson was able to hold serve for the remainder of the set to claim a hard-earned victory.

In the second round today he will meet his friend, Tim Henman, whose status as the No 4 seed earned him a first round bye.

If Richardson's start was poor it was textbook compared to Lee's. "I was very, very nervous," the 19-year-old, for whom this is his first senior tournament since moving out of junior tennis four months ago, said. "The first set was over in about ten minutes."

Lee, who was ranked No. 1 in junior tennis a year ago,

then mounted his own comeback, shrugging aside the 350 ranking places that divided him and Olhovskiy to beat a man whose most famous victory came over Jim Courier at Wimbledon five years ago.

The day began less encouragingly for Britain with Henman dropping out of the world top

20 for the first time in five months, while Mark Petchey did not catch the mood of the day when he lost to India's Leander Paes in 54 minutes.

Monica Seles has made a late entry into the Direct Line International Championships which begins at Devonshire Park, Eastbourne, on 16 June.

Jordan falls short for Bulls

Basketball

Michael Jordan, the top scorer of the Chicago Bulls in their 73 defeat by Utah Jazz, failed to lead the Bulls in the NBA Finals in the fifth game on Sunday, when he had looked mortal.

Mortal in the sense that he was mortal in the sense that he did not score 60 points. Jordan, who scored only 22 points, 22.

There's different ways you look at it, the way my out was tonight. I didn't really feel what you're accustomed seeing, my average of 31.32 73 or whatever.

The nine-times scoring champion, looking for his fifth NBA title, scored just 10 points in the first three quarters, then 12 in the fourth.

I felt I was able to find the

rhythm. You were probably happy when I was stroking it pretty good," he said, mildly making fun of his questioner. In the fourth quarter, however, he also committed two of his three turnovers.

"In terms of the outcome of the game, I made a couple of [bad] passes, I missed a couple of shots and I guess I looked like a mortal person at the time."

Jordan, whose basket in the last seconds won the first game for the Bulls, said he knew that for some people the games turn into "expectations of what Michael Jordan does, and make people like you realise that there's going to be games where I can't live up to the fantasy or the hype that people have built Michael Jordan to be."

"And I'm accustomed to living with that. I'd rather make

it exciting and score 60 points and win - so that you feel happy - but there's going to be nights when I can't do that."

"And I have to accept that and look at it as a motivational situation, that next game I hope I can please you."

Scouting the roomful of reporters, Jordan added: "If it doesn't happen, then I've got to keep looking further in the future."

John Stockton had a hand in 10 of Utah's last 12 points as Chicago scored just two - but his long gridiron football-style throw to Karl Malone, just inches out of reach of Jordan, will be best remembered.

When Malone, the main recipient of passes from the NBA's all-time assists leader, laid the ball in, it put the Jazz ahead with 45 seconds to go.

"I think Stock knew it had to

be the perfect pass," Malone said. "The pass he made is probably one you'll never forget in basketball." John Sloan, the Utah coach, said.

"Because I don't know how he made it and got it past [Jordan] the way he did, and Karl being able to catch it. They've done a lot of that over their careers, but it's one of those things that came at the right time."

"It was a beautiful pass," veteran bench man Antoine Carr said. "It was kind of reminiscent of quarterbacks. Of course, the catch was great also."

Jordan said he had been caught off stride, and never believed he could get to the ball - but he was a fingertip away.

Stockton wound up with 17 points, second on the team to Malone's 23. He shot six-for-11 from the field including two-of-three from three-point range.

West Bromwich Albion will today complete the signing of the Preston winger Kevin Kilbane for £2.25m.

Bottom, the Nationwide League champions, have won the FA's First Division award for the first time, with Wigan taking the Second and Third Division awards.

Napoli, the Italian Serie A side, have signed Jose Luis Calderin, the Argentine international striker, from Independiente for next season. Last week Cesar Luis Menotti, the Independiente coach, confirmed he would be moving to Sampdoria next season.

WORLD CUP ACTION: Brazil 2-1 France (2-0) in the semi-finals. Brazil 4-2 France (2-0) in the final. Brazil 2-1 France (2-0) in the final.

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Tomba back in Bosnia

Alpine

Italy's Alpine skiing champion Alberto Tomba travelled to the peace-time slalom race in alpe, where ski resorts were closed apart during the long-running Balkan conflict.

Tomba said the "Slalom of peace" on Mount Bjelasnica side Sarajevo would be held 23 December and pledged to

bring 100 of the world's top skiers for the event. "With this competition, I want to show the world what has happened here," Tomba said.

Mount Bjelasnica, where Tomba competed in the World Cup in 1987, now features skeletons of ski lifts strewn on the mountain, and rubble where hotels were burned to the ground by the Bosnian Serb army in the summer of 1993.

Faldo settles for third place

Golf

Mark Faldo's quest for a seventh American tour victory, and his second this season, came to an end when he bogeyed the last hole of the Kemper Open in Missouri.

Faldo, who compiled a seven-under-par total of 131 to a hat-trick of birdies from the 13th to be only two behind, but pulled a five-iron into sand at the short 17th and pushed his approach wide of the final green.

American, Mark Wiebe, who missed two short putts on the final two greens to hand the title to his compatriot. He had been four clear after seven, but three-putted four of the last 11 holes.

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Australian rules

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